



EUROPEAN NEWS

France cuts bank rates by quarter of a point

BY GEORGE GRAHAM IN PARIS

THE BANK of France yesterday cut its interest rates by a quarter of a percentage point...

After two similar interest rate reductions by the West German Bundesbank...

The Treasury yesterday announced the issue of a FF 5bn ten year bond...

Support for Europe grows in Britain

By John Hunt

SUPPORT for the European Community is increasing in Britain even though the public knows little about the European Parliament...

Market Opinion Research International (MORI) found that 87 per cent of the sample of their Euro MP, and only 8 per cent could name the MP correctly.

Belgium cuts deficit

Belgium's budget deficit dropped BFR 125bn (\$3.78bn) to reach BFR 430.5bn in 1987...

Pay farmers to leave arable land idle says EC Commission

BY TIM DICKSON IN BRUSSELS

EUROPE'S arable farmers will be urged to take at least 20 per cent of their land out of production...

major EC budgetary crisis later in the year. At the moment the Community is operating without a budget for 1988...

"stabilisers", which would imply cuts in the EC's guaranteed prices for cereals...

Payments will be financed jointly by the Community budget and member states...

Andriessen, the Agriculture Commissioner, was how to control the scheme and to prevent farmers increasing production on the land that remained...

Another major problem in the recent negotiations has been what conditions should be attached to the land left idle.

The drawback here is that the arable producer could simply be transferred to the livestock sector (notably beef and sheep).

Italy likely to exceed budget deficit target

BY JOHN WYLES IN ROME

THE ITALIAN Treasury conceded yesterday that its thrice-revised budget deficit target for 1987 of L108,500bn (\$50bn) looks likely to have been exceeded...

These suggest that the deficit - Italy's central economic problem - may have risen to around L112,000bn, just over 1.2 per cent of gross domestic product...

A Treasury spokesman said yesterday that the target set at the end of August was based on the best information on revenue and expenditure then available.

Berlin arms cut plan worries allies

BY DAVID MARSH IN BONN

NUCLEAR disarmament proposals sent by Mr Erich Honecker, the East German leader...

Cicciolina bares her soul

By John Wyles in Rome

VIVIDLY displaying the controlled fury of a scorned porn star, Iona Staller...

Her political career has taken her on some of Europe's top hot shows where she has duly familiarised foreign viewers with that northern portion of her anatomy...

Bonn spurns hostage deal for Lebanese on trial for kidnap

BY DAVID MARSH IN BONN

MR FRIEDRICH ZIMMERMANN, the West German Interior Minister, has firmly ruled out any question of a deal for the release of a Lebanese hostage...

Irish claim spending success

THE IRISH government said yesterday it had reduced borrowing to 1977 levels...

Finance chief held over Norway fraud

BY KAREN FOSSLI IN OSLO

THE head of a Norwegian finance company has been held over by the Exchequer...

Polish poll reform hope ends

By Christopher Robinson in Warsaw

HOPES that Poland was about to take a step towards real democracy have been dashed by the publication of new rules for local elections.

'Heavy lira' idea likely to be revived

BY OUR ROME CORRESPONDENT

THE ITALIAN Government is expected to revive within the next week or so the three-year-old plan to introduce the "heavy lira", worth 1,000 times the existing unit.

David Barchard reports on the revival of a pact left dormant for many years

Turkey puts flesh back on the bones of an EC agreement

Turkey will demand more hard currency from its banks this year to help repay mounting foreign debts...

Belgium cuts deficit

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Waldheim inquiry verdict soon

By Judy Dempsey in Vienna

THE international commission of historians set up to investigate the wartime activities of Dr Kurt Waldheim...

Turkey puts flesh back on the bones of an EC agreement

AFTER nearly a decade, signs of life are returning to the Association Agreement between Turkey and the European Community...

possible, and seems to see these as a replacement for the agreement rather than a necessary next stage.

Turkey will demand more hard currency from its banks this year to help repay mounting foreign debts...

Under Greece's parallel Association Agreement, because of Turkey's bitter semi-colonial experiences in the last decades of the Ottoman Empire...

On the political side, the Centre-right and liberal objections to the human rights situation in the country were largely dropped when martial law was lifted and jailed intellectuals and trade unionists were freed...

and politicians whose claims that they were tortured have been brushed aside in the last few years.

The human rights card may yet be played, even by relatively pro-Turkish governments such as the UK, against the Turkish application.

But in the longer run, the success or failure of Turkey's application will probably hinge on its ability to assume the economic burdens of membership.

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OVERSEAS NEWS

UK and Kenya agree to differ on SA sanctions

BY MICHAEL HOLMAN IN NAIROBI

BRITAIN AND Kenya yesterday agreed to differ over the merits of economic sanctions against South Africa. In a 70-minute meeting with Mrs Margaret Thatcher at State House, described by British officials as friendly and constructive, President Daniel arap Moi made clear his support for tougher measures against Pretoria. The British Prime Minister repeated her view that sanctions would bring about an end to apartheid, and neither side pressed the matter any further. The Prime Minister said that she was prepared to go to South Africa if such a visit would do any good but there was no indication that the time was now right. Later in the day, speaking at a state banquet in her honour, Mrs Thatcher carefully omitted any direct reference to the sanctions dispute. Apartheid, she said, was "an utterly repulsive and detestable system and it must go."

The concept devised by the Commonwealth Group of Eminent Persons who in 1986 attempted to win support for all-party negotiations preceded by a suspension of violence on all sides, "still offers the best prospect of progress," said Mrs Thatcher. The Prime Minister announced a \$20m British grant to be used for Kenya's balance of payments support, linked to an economic programme the country is shortly to agree with the International Monetary Fund. Under the programme Kenya is expected to be eligible for a \$70m standby loan from the Fund. In their talks earlier in the day the two leaders discussed regional and bilateral concerns including President Moi's view that Kenya was sometimes unfairly portrayed by the Western media. Kenya has been the target of growing criticism over ill treatment of political prisoners and suspects. British officials, however, continue to express the view that the country's human rights record remains one of the best in Africa. Mrs Thatcher leaves early tomorrow for Lagos on the second leg of her five day African tour.

Nicholas Woodsworth assesses attempts by the West African nation to shrug off a colonial legacy Senegal revives in freer economic climate

ON THE tree-lined avenues of Dakar, the former colonial capital of French West Africa, foreign visitors do not stroll, they dodge. Liable to be ambushed on every corner by small armies of fast-moving hawkers, the innocent tourist soon learns that this local variety of guerrilla warfare involves not the Kalashnikov, but the rapid-fire sales pitch. The results can, however, be devastating. Many are the experienced travellers who come away baffled from one of these street skirmishes, possessors of imitation Senko watches or bogus ivory bangles they never intended to buy.



Of all the trading, commercial and business-minded people of sub-Saharan Africa, the Senegalese are indisputably the champions. While Dakar's aggressive street hawkers can sometimes make this irritatingly obvious, the Senegalese flair for business also operates on a much more sophisticated level. Historically great travellers and traders, the Senegalese abound in entrepreneurial skill reputed throughout Africa. Astute and enterprising, they are the continent's grassroots capitalists par excellence. This national talent may turn out to be Senegal's strongest card in the rigorous economic battle it is currently waging. While it may have an edge in terms of human resources, on almost every other count Senegal's lack of advantage has made it one of the poorer countries in Africa. Of the four traditional pillars of the economy - ground nuts,

phosphates, fishing and tourism - not one stands firm today. Drought, erosion, lack of natural resources, plunging world commodity prices, and a soaring population have all contributed to Senegal's ill health. There is, however, little disagreement today among Western financial and aid institutions about the predominant cause of Senegal's stagnation. As a legacy of colonial rule, it inherited at independence a national economy in which the state played a leading and all-pervasive role. Unwieldy and inefficient, it has hampered the country's progress ever since, and made it a chronic debtor. But Senegal is at last rounding a corner in its struggle towards economic development. Faced with a severe economic crisis in the early 1980s, it embarked on a far-reaching structural adjustment programme devised by the World Bank. Last May it entered the second phase of its Medium Term Adjustment Programme (1985-92), an initiative supported by a third World Bank structural adjustment loan package, worth \$20m (\$51m).

reductions, a full liberalisation of the investment code, an increase in export subsidies, and relaxation of the country's labour laws.

The third major area in which structural reform is being pushed through is in the country's top-heavy parastatal sector. At present, the Government participates in over 125 parastatal companies and public agencies.

Mr Mamadou Toure, Minister of Finance, has recognised their poor performance, and admits the need for change in a budget system that spends 75 per cent of its total revenues on state employees' salaries.

By the accounts of government officials and the foreign agencies involved, there is light at the end of the tunnel. According to Mr Franz Kaps, chief representative of the World Bank in Senegal, rational compromise has been the key element in progress made so far.

"The Government has realised there is no alternative, and is making great sacrifices to make this programme work," he says. "Either one allows existing structures to drop past the point of rehabilitation, or one puts up with considerable hardship for the time being in the hope that in five to seven years, Senegal will begin to stand on its own feet."

The World Bank does not deny that its reforms are causing difficulties. Despite the programmes it has devised to cushion the adverse effects of adjustment, there are complaints that the World Bank medicine is simply

too strong. "It is not the Government that is making the sacrifices," says Mr Babacar Niang, an opposition MP. "It is the population. Reform is necessary, but we are being pushed too far too fast." The majority of Senegalese are poor peasants. In the past, the Government has tried to guarantee them certain minima. Now they are being forced to suffer so that wealth may accumulate in the hands of private investors in the future. Under-

standably, they feel betrayed. Certainly, the average Senegalese will profit little from structural adjustment in the short term. Disruption in the pattern of rural life has been considerable.

Many rural social services, including state-funded agricultural extension programmes, have been eliminated. In some villages, state-run shops have been closed because of unprofitability, leaving villagers with no

way to buy essential items locally. Increased food prices will be a hard blow to poorer peasants, while removal of guaranteed agricultural producer prices will affect better-off peasants as well. Belt-tightening will be even more severe in urban areas. The Bank estimates that 10 per cent of the industrial work force will be laid off as uncompetitive enterprises collapse. This will only increase the unemployment caused by the liquidation of parastatal enterprises. While food prices rise, wage increases will be contained. Labour code modifications demanded by the Bank will allow employers to hire cheap labour ineligible for social security benefits.

Measures such as these will make the years ahead testing ones. The World Bank may proclaim itself confident of the eventual establishment of sustained growth, but it is well aware of the socio-political risks of reform. The problem is not one of the Bank convincing the Government of the need for reform - this has already been done. If structural adjustment is to succeed, the Government must be able to show the population at large that emerging opportunities are grassroots opportunities. It is one thing to promise the country entrepreneurial scope by strengthening the free enterprise system. Providing that scope to the small farmer, the shopkeeper, and even the Dakar street hawker will be the full test of structural adjustment.

Witness to Aquino murder

By Richard Gourley in Manila

FRESH witnesses are expected to testify that a government soldier shot dead President Corazon Aquino's husband in 1984, the chief prosecutor said yesterday. The day before, a surprise witness had appeared to provide a breakthrough in four years of trials, retrials and investigations. The murder of opposition leader Mr Benigno Aquino as he stepped from an aircraft at Manila airport after three years of exile triggered a series of events that brought his widow to power in February 1986. Mr Jesse Barcelona, an airport worker on duty at the time of the killing, is only the second witness to testify that a soldier shot Mr Aquino, even though he could not say which of three officers pulled the trigger. After Monday's hearings, Mr Raul Gonzalez, the chief prosecutor, said he thought a sergeant, Rogelio Moreno, fired the murder weapon. Forensic tests carried out two days after the killing showed Sgt. Moreno had powder burns on both hands and wrists suggesting he had recently fired a gun with both hands. He has remained under military custody since despite a supreme court decision in 1985, two months before President Ferdinand Marcos was ousted from power, that a small-time crook had shot Mr Aquino on the airport tarmac. Many Filipinos, however, believed the killing was linked with Mr Marcos, his wife or Gen Fabian Ver, the armed forces chief, all of whom fled the country after a popularly backed military revolt in February 1986.

Natal gets extra police

By Anthony Robinson in Johannesburg

EXTRA POLICE units have been drafted into the Pietermaritzburg area of Natal because of growing bitterness between rival political groups which has cost more than 280 lives over the last 15 months. Police reinforcements had already been sent to the area of sprawling villages, kraals and shanties in the Edendale Valley west of Pietermaritzburg. But this far they have had little success in keeping warring leaders apart or preventing nightly murders and skin-mishaps. Spokesmen for the United Democratic Front, whose supporters have been involved in the violent clashes with groups linked to the Zulu Inkatha movement, have complained about alleged police partiality. Mr Archie Gumede, the UDF Natal president, commented yesterday that sending more police was tantamount to sending "reinforcements for Inkatha". Instead of an increased police presence, Mr Gumede appealed to the local chamber of commerce to continue its efforts to arrange a negotiated ceasefire between Inkatha and the UDF.

Cairo students riot

Riot police used batons and tear gas yesterday to disperse students demonstrating against Israel's crackdown on Palestinians in the occupied West Bank and Gaza Strip. AP reports from Cairo. Witnesses said about 30 students, including at least two women, were arrested outside the campus of Cairo's Ein Shams University.

Kim Dae Jung promises an election challenge

MR KIM DAE JUNG, one of South Korea's two main opposition leaders, yesterday claimed he would regain the political initiative in National Assembly elections to be held before April and predicted that president-elect Roh Tae Woo would face political instability, AP reports from Seoul.

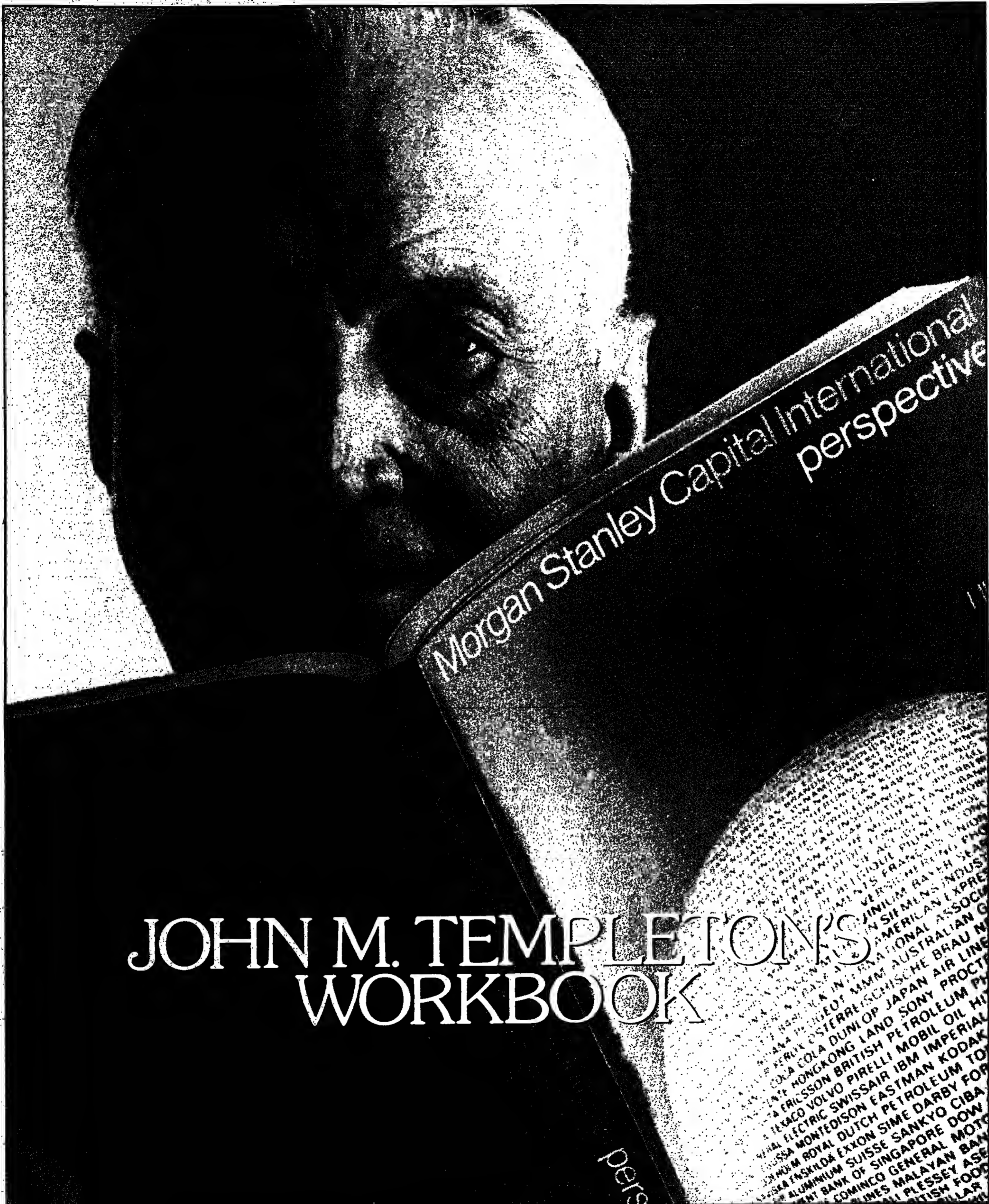


Kim said that his Party for Peace and Democracy would continue its efforts to prove that massive fraud was used to elect Mr Roh. He claimed Mr Roh lacked popular support and would find it difficult to rule. "I don't expect that there will be political stability under Roh Tae Woo's regime," Mr Kim Dae Jung said. Mr Roh defeated Mr Kim Dae Jung and rival opposition leader Mr Kim Young Sam on December 16 in South Korea's first direct presidential election in 16 years. Although opposition leaders have charged that massive fraud accompanied the election, many people blame the two Kim's for splitting the opposition vote. The PPD expects to emerge as the main opposition party in the National Assembly elections to be held before April, said Mr Kim Dae Jung, the PPD party president. "The presidential election was not the last word," he said. He said yesterday he regretted splitting the opposition, and called it a mistake, but claimed Mr Roh would have won the election through fraud even if the opposition had fielded a sin-

gle candidate. Meanwhile, the South Korean economy grew at an annual average of 10.1 per cent in the last five years, the Bank of Korea said yesterday. The central bank, in an analysis of South Korean and world economies, said the South Korean growth rate surpassed Taiwan's 9 per cent, Hong Kong's 7.3 per cent and Singapore's 6.7 per cent for the same period. The South Korean economy was estimated to have grown at least 12.6 per cent in 1987 alone, the highest since 1977, when the growth rate reached 15 per cent, the bank said. The country's gross national product totalled \$95.1bn in 1986, ranking 18th in the world, the bank said.

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## UK NEWS

### Tax officer may have 'probed unusual deals'

GUARDIAN Royal Exchange, the British insurance group, may have sacked Mr Charles Robertson, its chief tax accountant, last May because he insisted on investigating what he thought were unusual financial transactions by the company dating back to the mid-1970s, according to an industrial tribunal decision.

It seemed to the tribunal that senior officials of GRE had tried to obstruct Mr Robertson in making a proper disclosure to the Inland Revenue of its financial affairs, the tribunal said last November.

Among Mr Robertson's reasons for growing anxiety about taxation aspects of GRE's reinsurance transactions was that he was "thoroughly fed up with the clandestine manner" in which the company had dealt with his inquiries, he claimed in a letter of March 16 1987 which was given in evidence to the tribunal. Mr Robertson, who is 49, called as a tribunal witness on his behalf Mr Peter Hoye, the Inland Revenue tax inspector who looked after GRE's affairs, who "clearly had every confidence" in Mr Robertson's integrity, the tribunal said.

A chartered accountant, Mr Robertson was a member until his dismissal from GRE of the litigation panel of the Association of British Insurers (ABI).

Another panel member, who said he has known Mr Robertson for 10 years, described him on Monday night as "a Scotsman, a man of very high principles".

Mr Robertson discovered in 1982 that there were "certain irregularities" in a \$3m reinsurance payment made to GRE's Australian subsidiary in 1974, it found. He later authorised an extra \$1m payment of tax to the Inland Revenue to settle the matter.

Mr Michael Auld, GRE's head of information, also declined to comment last night. He said: "We

Nick Bunker looks at the background to the dismissal of Guardian Royal Exchange's chief tax accountant

are almost in a *sub judice* position. An appeal is pending. There is also an Inland Revenue inquiry in progress. We feel it would be improper to debate our case in public." The industrial tribunal, which sat in Bury-St Edmunds, Suffolk, ruled early last November that Mr Robertson had been unfairly dismissed, and ordered his reinstatement. Several weeks later, the tribunal rejected an application by GRE for a review of its decision.

But GRE's subsequent refusal to reinstate him prompted Mr Robertson, who is now drawing 'unemployment benefit, to try on Monday to re-enter the GRE's head office tax department in Ipswich after informing the local press. Ipswich police said they removed him after being called to prevent a possible breach of the peace.

GRE lodged an appeal against the tribunal decision on December 24, the London-based Employment Appeal Tribunal said yesterday.

The transactions which led to inquiries by Mr Robertson were reinsurance arrangements between GRE and its overseas subsidiaries dating as far back as the 1970s, the tribunal found.

Mr Robertson discovered in 1982 that there were "certain irregularities" in a \$3m reinsurance payment made to GRE's Australian subsidiary in 1974, it found. He later authorised an extra \$1m payment of tax to the Inland Revenue to settle the matter.

The exchanges between Mr Robertson and his superiors

which led to his dismissal occurred, however, after a separate series of events after the Inland Revenue wrote to Mr Robertson on September 11 1986 with detailed queries regarding reinsurance transactions. In attempting to answer the letter, he asked for detailed information from other GRE officials, the tribunal found.

The tribunal said that Mr Robertson was suspended by the GRE on March 19 last year, and later dismissed, on grounds, according to GRE, that an allegedly abusive and belligerent series of memoranda and telephone calls to senior managers represented gross misconduct.

Mr Robertson had sent copies of letters about the matter to Mr J.E.C. Collins, GRE's chairman, Mr Charles Hambro, its deputy chairman, and executive directors including Mr Peter Dugdale, who is GRE's managing director and the ABI's chairman, the tribunal found.

The tribunal said that Mr Robertson claimed, however, that "the true reason" for his dismissal was that "his superiors realised that they would not be able to stop by any orthodox means his endeavours to obtain an explanation of the contrary conduct of two managers who had given certain information."

In a written decision dated November 12 1987, the industrial tribunal said: "We have unanimously decided that the reason for dismissal was not the reason put forward by the respondents (GRE). We are not prepared to say that all the reasons put forward by the applicant are what we would agree to be the reasons: we do not have to do that."

"We are, however, prepared to say that that we feel that the reasons which he has advanced in some considerable detail are very much nearer reality than those advanced by the respondents."

### BA and EC meet over BCal merger

BY TIM DICKSON IN BRUSSELS

REPRESENTATIVES of British Airways and the European Commission met yesterday to try and settle their outstanding differences over BA's recently agreed merger with British Caledonian, its UK rival.

They agreed to hold a further meeting within the next two weeks.

The talks in Brussels between senior Commission officials and Mr Robert Ayling, BA's legal director, over potentially anti-competitive aspects of the

enlarged group, were last night described as businesslike by a Commission spokesman, although neither would comment on their substance.

The issues are considered highly sensitive because of the stakes involved: the EC's new powers to enforce competition in air transport and the smooth development of a major British stock market bid.

Officials in Brussels believe the British airline is taking the EC

threat seriously, contrary to the impression initially conveyed by Lord King, BA's chairman.

They hope that BA will come back to the next meeting with ideas about how to deal with the Commission's specific concerns.

These were first outlined to Lord King in a letter from Mr Peter Sutherland, the EC's Competition Commissioner, and relate to what are thought to be likely infringements of the EC's competition rules once the merger is complete.

### Teacher recruiting 'filling key gaps'

By David Brindle  
Labour Correspondent

THE GOVERNMENT is claiming a marked success in its efforts to improve the recruitment and retention of teachers, particularly those in key 'shortage' subjects of mathematics, physics, and craft, design and technology.

In its confidential evidence to the teachers' interim pay advisory committee, the Education Department says the number of teaching vacancies has been stabilised overall but has fallen in most of England and Wales and in the shortage subjects.

In addition, the department provides detailed figures for acceptances for teacher training last autumn. These show a general 13.4 per cent rise on 1986, but a steeper increase for the shortage subjects.

The number of acceptances for training in mathematics was said to have risen by 32.5 per cent for craft, design and technology by 34.8 per cent and physics by as much as 49.3 per cent.

While giving a warning that "there is still some way to go", the department points out that these improvements follow the Government's specific measures to boost recruitment and its award of an average 16.4 per cent pay rise for teachers.

The improvements will be welcomed by parents and employers who have grown increasingly concerned at reports of teacher shortages, especially in the sciences. But the teacher unions will be suspicious of the figures.

The unions will see the department's presentation as a ploy to persuade the advisory committee that there is no need for a big across-the-board pay rise, as opposed to the selective or regional increases advocated by ministers.

Mr Kenneth Baker, Education Secretary, has set a ceiling of £300m on the committee's recommendations for the salary review due in April. This is to fund not only general increases, but also a rise in London allowances due last July.

On the department's own calculations, previously unreleased, the £300m represents only 4.3 per cent of the salary bill of £7.01bn.

The department's figures for unfilled posts suggest that fears of widespread teaching vacancies may have been exaggerated. The figures, which cover only secondary schools, show an overall vacancy rate of 1.2 per cent in last year's count, about the same as 12 months before.

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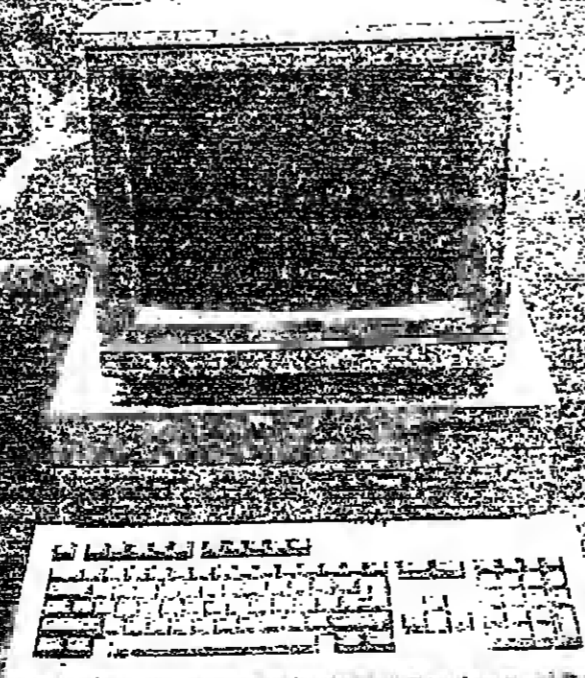
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## Pan American Satellite

December 29, 1987\*

President Ronald Reagan  
The White House  
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Dear Mr. President:

As you may know, Pan American Satellite, a U.S. company, will launch the first private international communications satellite within the next 90 days. Private international satellites, separate from the Intelsat system, were authorized by you in November, 1984, as being in the national interest.

Unfortunately, Intelsat, which is owned by the world's Postal Telephone & Telegraph authorities, has never shared your enthusiasm for competition, nor relished your directive which allowed limited competition to the Intelsat system. It responded by passing a resolution binding its member countries not to deal with U.S. alternative satellite systems.

For the past two years, Pan American Satellite has been trying to negotiate landing rights for its signals between the USA and Great Britain. We have had numerous meetings with both British Telecom and Cable & Wireless, both British communications carriers, to no avail. British Telecom and Cable & Wireless are Intelsat signatories and thus part and parcel of the boycott resolution. Cable & Wireless admits to being afraid of doing business with us for fear of reprisals from the European PTTs in markets they are trying to enter.

Yet, while we are locked out of Great Britain, Cable & Wireless is actively engaged in the telecommunications business in the United States. Recently, they applied to the FCC to provide international telephone service between the United States, France, India and Australia. This is a fortuitous opportunity for the United States to take a strong stand to back up its policies on separate international satellite systems and to open recalcitrant foreign markets to U.S. goods and services.

The State Department, Commerce and the FCC have all been diligently pressing your views with their counterparts in Great Britain. But Intelsat is well aware that its strategy to destroy U.S. alternative satellites becomes vulnerable if we are successful in securing British landing rights. Just how vulnerable is illustrated by the fact that Intelsat lobbyists are making the rounds in Washington pleading Cable & Wireless' case.

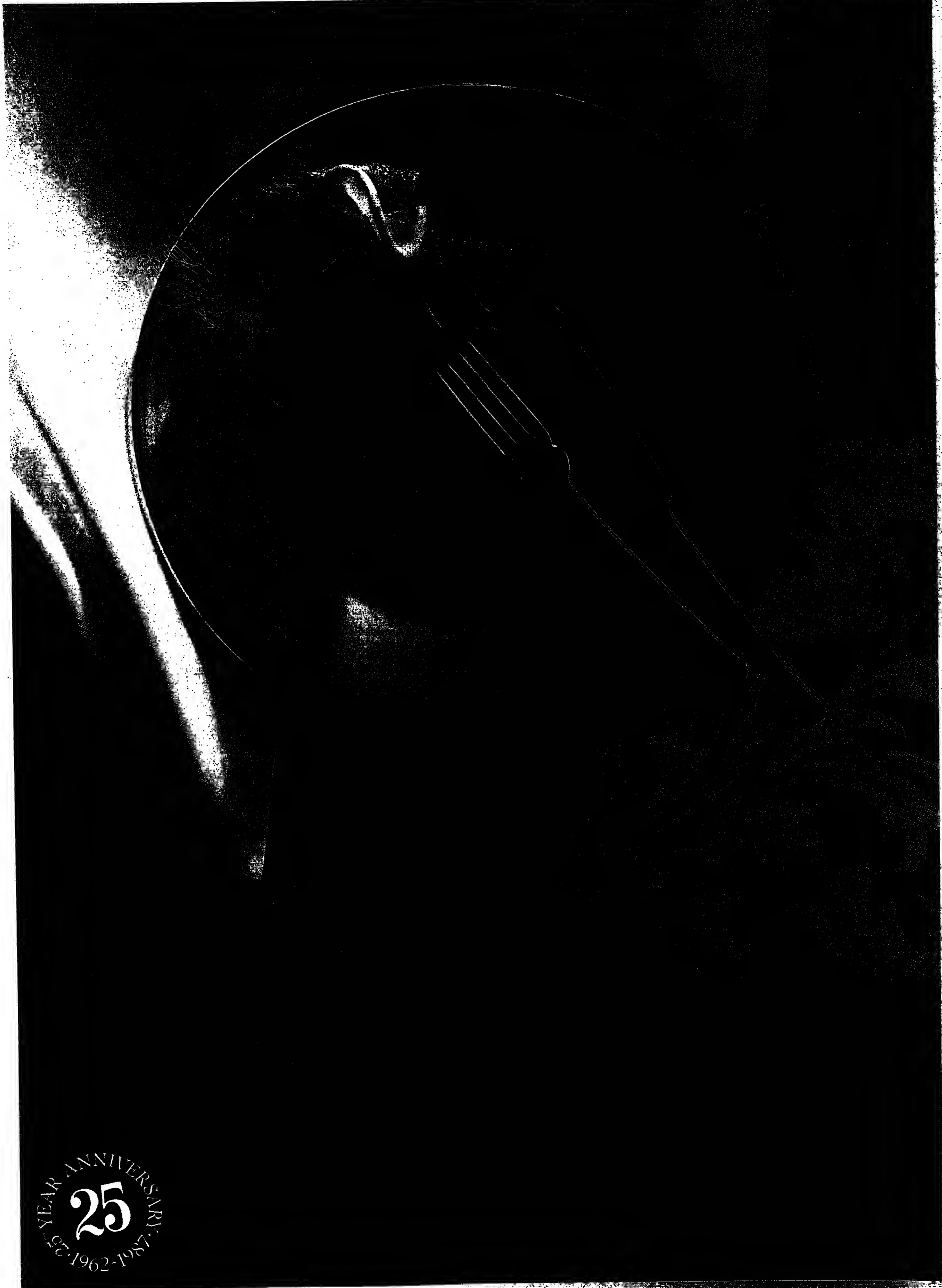
A word from you could be decisive. All Americans are aware of the role you and Prime Minister Margaret Thatcher played in successfully intervening with the Japanese government on behalf of Cable & Wireless and an American company, Pacific Telesis, when they were seeking to become part of the consortium that will build an undersea fiber optic cable link to Japan. Could you now remind Mrs. Thatcher of your help in opening up the Japanese market for Cable & Wireless, and then point out to her that one of your U.S. companies is having a similar problem getting into her country.

My experience is that it will take this kind of reminder, coming from the top, to gain our entry into Great Britain. This, plus no action by the FCC on the Cable & Wireless application until Great Britain opens its market to U.S. separate satellite systems, should get the message out that the United States is serious about trade reciprocity.

Sincerely,

Rene Anselmo, Chairman  
Pan American Satellite

\*Text condenses and paraphrases a letter sent to President Ronald Reagan by Rene Anselmo, Chairman, Pan American Satellite.



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# FINANCIAL TIMES SURVEY

The conferences and exhibitions industry has continued to be one of the most buoyant of Britain's marketing services sectors. David Churchill explains why this is so and argues that there is still room for growth to meet the increasing demand for better communications

## A handshake of success

THE CONFERENCE and exhibition business in the UK and overseas continues to go from strength to strength. Bringing together groups of people is increasingly being seen as one of the more effective marketing and communication tools in the 1980s. Yet, paradoxically, conference and exhibition organisers are facing more scrutiny than ever before from companies which are seeking greater value for their audiences more closely. This extra scrutiny reflects in part the fact that companies are taking conferences and exhibitions more seriously than before, when many felt they were just an excuse to have a good time rather than do serious work. The other reason for the increased scrutiny is the rise in costs, especially for exhibitions. Figures from the Incorporated Society of British Advertisers show that during 1985-86, rental costs for exhibition stands rose by just under 10 per cent, compared with an increase of 3 per cent in the previous year. Exhibition stand construction costs are also calculated to have risen by about 10 per cent in 1986, making it clear that the cost of appearing at an exhibition is running well ahead of the general inflation rate and ahead of many other forms of media.

The ISBA figures also show that expenditure on exhibitions (including agricultural shows) in 1986 totalled some \$450m, compared with \$380m in the previous year. It is harder to give precise figures about the conference industry itself, since it encompasses so many different venues and there is no central co-ordinating body. But conservative estimates suggest that at least some £1bn a year is spent on conferences of all types in the UK. Why are conferences and exhibitions doing so well? Clearly the strength of the UK economy in the mid-1980s has been the key factor. As companies have searched for new markets in the expanding economy, so they have turned to new methods of communication to get their messages across to target audiences. "The development of exhibition stands from the growing realisation that they are a highly cost-effective marketing tool," says Mr David Jones, managing director of Queensdale Exhibitions and Conferences. "Conferences are also expanding into 'multi-programme' events and are booming now that communications are regarded as increasingly important." Queensdale is part of the Blenheim Exhibitions group which is putting on International Confex, the main trade exhibition for the



# Conferences and Exhibitions

UK conference and exhibition sectors, at the Business Design Centre in Islington, North London between January 13 to 15. All the leading conference venues and hotels will be represented at Confex and the exhibition space was sold out some four months ago. Another key factor in the growth of conferences has been the increased willingness of companies to use conference facilities to train their staff in improving quality of service throughout the company. "In the past, we were involved almost exclusively in helping our

clients to communicate with their salesmen and with dealers and distributors," says Mr Peter Berners-Price, chairman of specialist conference company Spectrum Communications. "But we are now more often communicating with other employees as well." Mr Berners-Price suggests that these changes call for similar moves in the supply of conference facilities. "The operation that was satisfactory for dealing with the occasional sales or dealer conference is simply not adequate for dealing with the more regular and broader range

of group communications and training," he says. "Client companies are starting to appreciate the value of the kind of continuing relationships they have always had with their advertising agencies. A few years ago Ford led the way when it gave the whole of a year's conference work to one production company and other companies are currently considering this." The buoyancy in the overall market has been helped by the growth of overseas visitors to UK conferences and exhibitions. "Since 1980 overseas business visitors' expenditure in Britain

has increased by 208 per cent, from \$734m to \$1.5bn," says Mr Michael Medlicott, chief executive of the British Tourist Authority. "The number of business visitors has risen from 2.5m in 1980 to nearly 3.3m in 1986." The BTA is very conscious of the importance that conferences and exhibitions play in generating revenue from overseas. It estimates that UK conferences earned a record \$100m from 213,000 overseas visitors in 1986. "Britain now has a 10 per cent share of the market for international conferences and association meetings," says Mr Med-

Hotels: keeping corporate customers happy Users: crunch test of value for money Incentive travel: far-off rewards

Regional facilities: the more, the merrier London: US trade visitors Unusual venues: the right atmosphere

cont. "And we can look forward to extra international trade following international business visits.

London vies with Paris as the most popular city for large-scale international conferences, even though it has been criticised in the past for lacking some of the top conference and exhibition venues that are available in other European cities. The British Exhibition Venues Association found in a recent survey that London was the clear preferred location within the UK for trade or industrial exhibitions. But for exhibitions open to the public there was no preferred venue.

London has taken such criticism to heart in the 1980s, especially the Earls Court and Olympia complexes which have invested some \$25m in recent years on modernisation schemes, as well as spending \$3.5m on a new purpose-built conference centre at Olympia. "We built the conference centre because of the clear need in London for an attractive meeting unit which can also provide ample exhibition space alongside," says Mr David Fasken, managing director of Earls Court and Olympia.

"There is a shortage of space in London for the exhibition-led conference and the conference-led exhibition," he adds. The need for such top-class venues prompted the Government to commission the Queen Elizabeth II Conference Centre just opposite the Houses of Parliament in Westminster. Other new London venues coming on stream in the next few years are the rebuilt and refurbished Alexandra Palace and two new venues in Docklands - the London Venue and the London Dome.

Outside London, there has been a corresponding increase in facilities. The Harrogate conference centre opened in 1983 and Manchester's G-Mex conference and exhibition centre in 1986. But much of the limelight in recent years has been captured by the National Exhibition Centre outside Birmingham. The city council has just invested a further \$40m to expand the NEC by adding three new halls by January next year. The expansion is part of a master plan which will eventually double the size of the NEC.

Mr Terry Golding, NEC's chief executive, says that "by making an investment of this sort, coupled to the £121m commitment to the International Convention Centre due to open in the centre of the city by early 1991, the council will help keep Britain at the forefront of the world's exhibition and conference business." The UK conference and exhibition industries, however, are well aware of the increasingly

competitive market for top conferences and exhibitions worldwide. Later this year, for example, the new Hong Kong Convention and Exhibition Centre opens with a conference hall for 2,600 delegates and an exhibition area of 18,000 square metres.

Allied Dunbar, the financial services group, is one of a number of UK companies which has already used Hong Kong as a venue. "The decision to use Hong Kong was a combination of value for money, suitability of conference facilities for a large delegation, plus the undoubted appeal of the Far East," says Mr Patrick Purdon, conference director for Allied Dunbar. "We would consider returning to Hong Kong in the not-too-distant future."

Allied Dunbar is not alone in taking some of its conferences to overseas destinations. While the UK has attractions for many overseas companies and groups as a conference destination, a similar appeal exists for British companies wanting to stage a conference overseas. It makes considerable sense to take executives or customers to a captive destination where they can be told about corporate objectives. Yet much of the growth of conference travel in the 1980s has been of an incentive nature, as well as straightforward work trips.

While conference and incentive travel continues to grow steadily, companies are finding that they have to turn to more exotic destinations - such as the Caribbean or the Far East - to maintain interest. Will the conference and exhibition industry continue to expand in the 1990s? There has been a cyclical element to the business in the past - conferences and exhibitions held every few years or in different countries, for example - but most observers remain optimistic.

"Although the UK exhibition industry has been expanding steadily over a number of years, it is interesting to contrast our situation with that of Germany," points out Mr John Cole, marketing manager of Birmingham's NEC. "German companies on average reserve 25 per cent of their promotional budget for exhibitions, while in the UK that figure is nearer to 10 per cent."

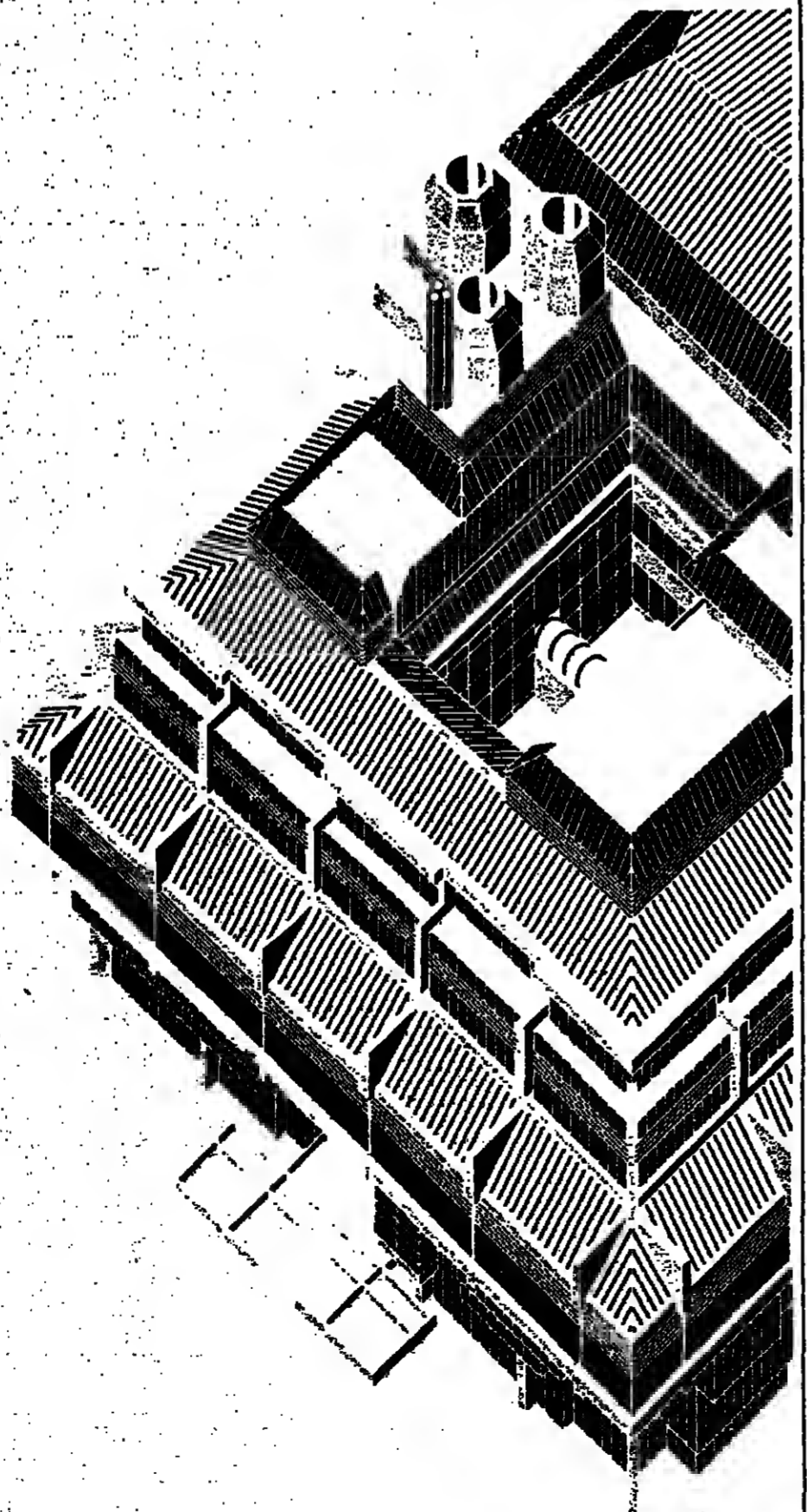
British companies may still balk at spending a quarter of their promotional budget on exhibitions, but there is clearly room for the exhibition industry to persuade the corporate sector to spend more in the years ahead. This, allied to the strong demand for conferences of all sizes to meet the growing needs for group communication, should leave the conference and exhibition industries well placed for the 1990s.

### The Queen Elizabeth II Conference Centre

Situated in the heart of Westminster close by the Houses of Parliament, The Queen Elizabeth II Conference Centre has been designed for everyone who requires the very best in modern conference facilities. As many as 1200 can gather in the main rooms, or a small group discuss in one of 50 suites. The luxurious surroundings provide international, governmental levels of security. Clients have access to the very latest communications technology and first class catering is provided by Leth's at The Centre.

For further information please contact: The Marketing Department, The Queen Elizabeth II Conference Centre, Broad Sanctuary, London SW1P 3EE. Telephone 01-222 5000.

Britain's Premier Conference Facility - Secure in the Heart of Westminster



## You don't have to look far to see why we lead the way in exhibitions and conferences.

Earls Court and Olympia are right in the heart of the capital, and house some of the world's most famous shows.

The Ideal Home, the Boat Show, Motorfair and the Royal Tournament.

Each year, trade exhibitions like the International Food Exhibition, British Electronics Week, Interior Design International, World Travel Market and the London International Furniture Show are growing in importance.

In Autumn, 1989, we're opening Earls Court 2, a 17,000sq. m. exhibition hall, and the biggest to be built in London for fifty years.

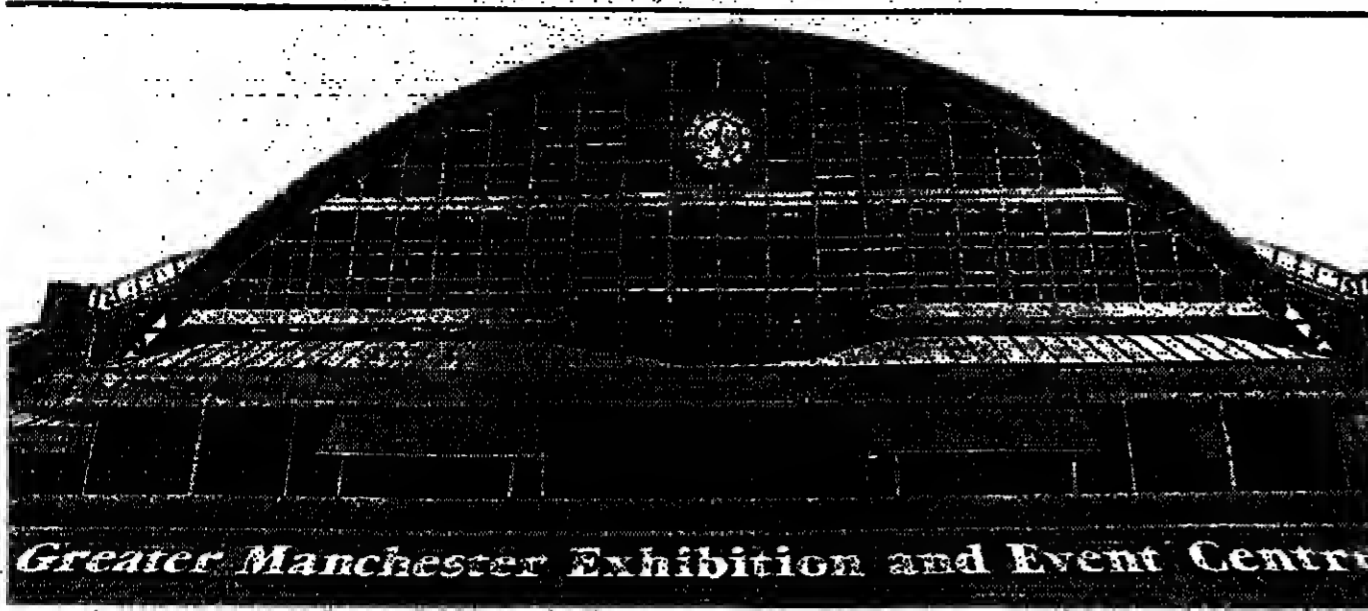
Our new Olympia 750 delegate Conference Centre goes from strength to strength.

For further details of the Earls Court & Olympia Group contact Chris Vaughan on 01-385 1200 or write to him at Earls Court Exhibition Centre, Warwick Road, London SW5 9TA.

EARLS COURT & OLYMPIA LTD. P&O Group



CONFERENCES AND EXHIBITIONS 3



Manchester's former Central Station has been successfully refurbished as an exhibition centre

Regional facilities are expanding. But so is demand

The more, the merrier

SO FAR, so good. The tremendous expansion of exhibition and conference facilities in the UK in recent years...

British industry made this market a low priority. In Germany companies, on average, devote 25 per cent of their promotional budget to exhibitions...

to ensure that the UK has the space to rival the continental exhibition centres at Dusseldorf and Milan. This year should be a good one, thanks to the buoyancy of the British economy...

offering 3,000 sq metres of exhibition space. This is really a different, allied, enterprise, and only one or two organisations a year will use both the NEC and the Convention Centre...

from 30th to 11th position among the exhibition and conference venues of Europe. Actively seeking new major exhibitions which can be held regularly in Glasgow, the SEC sees less scope in tempting away well-anchored events from the Continent or elsewhere...

And it has regular national shows such as the Scottish Modern Homes Exhibition, with 250,000 visitors last year, and the Scottish Motor Show, with 170,000 admissions, to fall back on. In 1988 the SEC aims for a 68 per cent capacity and a profit, giving some return on the £60m investment in the venture by the banks and its local and regional government shareholders...

London

First port of call for US trade visitors

IN LINE with other areas of media expenditure, total UK exhibition spending doubled from £202m in 1980 to £490m in 1986, according to figures from the Incorporated Society of British Advertisers...

of the visitor market, while total expenditure in the business market was \$580m.

In 1986, terrorist activity and the Chernobyl disaster caused a shortfall in tourist spending. Of the 9.1m visitors business expenditure increased to £1bn, 29 per cent of overall spending.

January 1988 marks the \$35m resurrection of Alexandra Palace as a full-scale conference and 10,000 sq metre exhibition facility. This brings the total number of halls with over 3,000 sq metres of floor space to 11. It will also offer sport and entertainment facilities for the local community.

The giants - Olympia and Earls Court - are now being challenged by the Barbican, Alexandra Palace, Wembley and Docklands

metres of floor space to 11. It will also offer sport and entertainment facilities for the local community. Since the successful opening of the \$155m Barbican Centre as a conference and exhibition site, showing how such a complex can tie in successfully with mainstream arts facilities...

Before the Americans start arriving in significant numbers, London itself has become a Mecca for UK exhibition and conference work. Some 249 of the 659 UK exhibitions will be held there. Mr Burt estimates that between 100 and 200 conferences are held in the capital daily...

will have exhibition areas plus conference space for up to 12,000 in its tiered main hall. Another building scheme, the Londondome at Royal Dock, will provide a major exhibition hall. In Islington, robust first year figures have been reported from the £10.5m Business Design Centre, which opened its glass doors in October 1986...

Companies holding conferences in London can spend up to £1m or beyond in efforts to impress their messages on their staff. Multinational conferencing is attracted by London's \$54m Queen Elizabeth Conference Centre which was built to offer a high security building for government-level meetings. But UK business continues to be attracted to venues like the Wembley Conference Centre and Exhibition Halls.

In addition to London's pagentry, museums, art galleries and theatres, the chance to see Windsor, Ascot, Bath or Stratford-upon-Avon during days off attracts small and large conferences alike. When conference organisers find that multinational companies are prepared to spend £1m and beyond to host spectacular multi-media events City in the capital, the reasons for the growth of dual-purpose facilities in London become apparent.

Joan Plachta PR Week

Unusual venues

Where to hire the right atmosphere

BEING ABLE to make speeches with Her Majesty the Queen was the first on the swap stories with Mike Gatting or famine relief ideas with Bob Geldof is a measure of just how interesting a conference or exhibition venue can now be made for delegates.

stately homes and country houses were the first on the bandwagon, quickly realising the potential source of revenue in such events. One of the shortcomings in staging anything in this type of venue, however, is that they can rarely seat more than 300 inside. But hiring a modular structure to be erected outside the premises can usually solve the space problem while still giving delegates the feel and atmosphere of the historic venue.

the world; it can take a reception or theatre-style conference for up to 300 but offers only five double bedrooms. Leisure facilities span an indoor swimming pool (private bookings only), parkland, gardens, a period village and rare breeds farm.

reception or 150 theatre-style accommodation is at the nearby Novotel hotel) while a favourite of Spectrum Communications is the all-weather playing surface at Queens Park Rangers football ground, ideal for car launches, product promotions or in-company sports tournaments.

when the two studios are not in use. Since the studios were built by water in London's Docklands, this modern venue can take between 50 (school-room style) to 500 for a reception but its reception area, mezzanine level and sloop are also available for groups of between 50 and 200. Naturally, it boasts excellent technical facilities, but would need dressing up as the two studios are what are known as "black box" venues.

Conference Package from around £200 per person. Includes bottle of wine and glass of champagne.

Guernsey's conference winter of great content. Key features of a successful conference venue are atmosphere, quality and price. What is why elegant, accommodating offshore Guernsey is high on the list of places to be.

Conference Package from around £200 per person. Includes bottle of wine and glass of champagne. Also includes contact information for Imperial College Conference Centre.

Imperial College Conference Centre. Situated in the Royal Borough of Kensington & Chelsea, the site for Ministers, Peers, The Royal Albert Hall and Knightsbridge and High Street Kensington shopping.

Contacts. Madame Tussaud's 01-835 8861, Brocket Hall 0707 385241, Burton Constable Hall 0401 82400, Littlecote House 0488 825038, Drury Castle 031 225 8222, Leeds Castle 0222 85400, Goodwood House 0243 774107, Eppingham Park 0342 713011, The Hippodrome 01-437 4311, The Footprints Club 01-736 6581, Queens Park Rangers 01-743 0262, The Belfry 01-235 9625, The Bluebell Railway 082572 2370, Limehouse Studios 01-987 2090, The London Dungeon 01-403 0606, Centerparcs 0623 824624.

INTERNATIONAL BUSINESS DESIGN CENTRE ISLINGTON LONDON N1. JANUARY 13th, 14th, 15th 1988. THE COMPLETE EXHIBITION OF VENUES AND SERVICES FOR PEOPLE WHO PLAN CONFERENCES, SALES MEETINGS, TRADE EXHIBITIONS, EXHIBITION STANDS, PRODUCT LAUNCHES, SPECIAL EVENTS, CORPORATE HOSPITALITY, INCENTIVE TRAVEL.

INTERNATIONAL BUSINESS DESIGN CENTRE ISLINGTON LONDON N1. JANUARY 13th, 14th, 15th 1988. THE COMPLETE EXHIBITION OF VENUES AND SERVICES FOR PEOPLE WHO PLAN CONFERENCES, SALES MEETINGS, TRADE EXHIBITIONS, EXHIBITION STANDS, PRODUCT LAUNCHES, SPECIAL EVENTS, CORPORATE HOSPITALITY, INCENTIVE TRAVEL.

Your conference could go down in history too. Cardiff has played host to kings for centuries - our location within Wales is perfect for soaking up history and sampling the delights of our unique celtic culture.

16 MANAGEMENT

Corporate structure

How APV rewrote its recipe

Christopher Lorenz examines how the UK-based food and drink machinery multinational has been able to integrate several takeovers around the world in a matter of months

WHEN a company changes its name twice in under a year, it has some explaining to do.

The "new" name is a return to the one-before-last, it usually signifies not just managerial vacillation but real trouble in the boardroom.

APV, a leading multinational maker of processing machinery for the food and beverage industries, is an exception.

The birth of the "new APV" results not from a widely feared triumph of APV over Baker in the months since the takeover, but from the speed at which the new organisation has coalesced and changed shape since last spring.

Behind the new image lies a classic process of post-takeover integration, but carried out at an unusually cracking pace.

Nine months ago there were over 200 constituent companies within APV, Baker Perkins and Pasilac, an innovative but

THE DRASTIC, and double-quick, agglomeration of more than 200 APV subsidiaries into just nine has raised all sorts of sensibilities, both internal (see main article) and external in the old APV.

Fred Smith is adamant that the co-ordination is justified on many grounds. One motive is the provision of more attractive career paths for executives.

But what really seems to fire Smith in conversation are marketing considerations. "We need business executives only a month before Christmas. But, so far as the outsider can judge at such an early stage in the proceedings, Smith seems to be succeeding in what has become a doubly daunting trial of managerial skill.

First, he has won support for the reconstruction from many senior executives in all three former company camps, each of which could easily have been alienated by the speed and extremity of the changes.

Second, in building a new structure to handle the diverse but related range of businesses around the world (less than a fifth of its sales are in the UK), he has avoided creating the sort of matrix-ridden bureaucracy that plagues many multinationals.

Most of the nine prime subsidiaries around the world will have global development, production and marketing responsibility for particular technologies, products, and industries.

nesses of over £100m in sales to impress our customers - even £80m isn't big enough to talk to Unilever," he emphasises, reeling off a list of other major international food and beverage manufacturers such as Nabisco, Campbell's Soup, and Anheuser-Busch (the St. Louis-based brewing giant), many of which have themselves been expanding fast via merger and acquisition.

The group's new-found scale has already enabled it to start regular (and highly fruitful) long-term product planning meetings at very senior corporate level with Unilever, and similar agreements planned with Nabisco, Anheuser-Busch "and a dozen large companies around the world," says the Chicago-based Don Hefner. "Our new

structure is very responsive to the questions those guys are asking - they want one contact instead of five," he says.

It is shared by APV's prime international rival, Sweden's Alfa-Laval, but not by all their specialist competitors in West Germany, the US and other countries around the world. Nor does every large customer prefer dealing with turnkey suppliers. But APV and Alfa are not the only suppliers to go for consolidation.

Rebutting the obvious suspicion that APV's dedication to scale will be at the expense of its relations with smaller customers, Hefner says sales and service to such companies will still be handled on a devolved basis: "We're centralising functions only where it's sensible to do so."

But it remains to be seen whether the new-style APV can indeed offer the best of both worlds, in terms of scale and retaining its old strength in specialist technologies with the power of scale; and by continuing to satisfy large and small customers alike.

wanted to get it out of the way and focus effort on the 'centre of excellence' approach to product development."

Such speed is also in his character. "Fred's a pretty fast mover - he's got a hell of an entrepreneurial flair that's new to us," says Mike Smith, who was Baker Perkins' chief executive under the takeover.

Though Mike Smith is still widely seen within the enlarged group as the number two, and to some extent operates as such, his official position is now equal to that of Don Hefner, who heads most of the group's US-based activities.

Under the new structure an executive committee with Fred Smith, as well as controlling several prime operating subsidiaries, Mike Smith's territory includes much of what was Baker Perkins, as well as

sizeable parts of the old APV. A further factor behind the speed of re-organisation following the June acquisition of Pasilac is expressed by APV's chairman, Sir Ronald McIntosh. A wily industrial diplomat with years of experience, he chaired the old company through five often difficult years, including the knife-edge defeat of a hostile bid in mid-1986.

Political problems were also eased by the natural strength of most major country-subdivisions in one technology or another. Thus the UK-based Baker was the obvious world-



Table titled 'APV's new shape' with columns: Primary subsidiary, Location, Principal operation. Rows include APV Baker Ltd (UK, Wet & dry food), APV Baker PMC Ltd (UK, Printing), APV Chemical Machinery Inc (US, Chemical), APV Crepacco Inc (US, Ice-cream & wet food), APV Pasilac AS (Denmark, Dairy), APV Pavailier SA (France, Baking), APV Rosista GmbH (W. Germany, Brewing), APV Baker Pty (Australia, Sales), APV Asia Ltd (Hong Kong, Sales).

wide 'centre of excellence' for both dry food processing and printing (the latter is one of several strong operations which fall outside the group's core businesses).

Denmark's Pasilac was the natural lead company for the dairy business, APV's German unit for brewing and Chicago-based Crepacco for ice cream.

Significantly, most complaint about the allocation of management roles below the executive committee has come not from the Baker side but from APV people. Of Fred Smith's 13 senior operating managers, only five are ex-APV, and that includes a German company bought in 1986. Six are ex-Baker, one ex-Pasilac and one entirely new.

The ex-Baker finance director, originally destined for the same post with the new group, has just retired early, but that was entirely for a crucial role to play in the standardisation of technologies and products.

The other main reason for speed, Fred Smith says, was to get on with global marketing - and that's urgent. Hence the new structure.

Though the ink is barely dry on the group's new organisation, synergy is certainly starting to appear in the marketplace. When all APV's senior managers from around the world gathered in London just before Christmas to discuss plans for yesterday's launch, one of the informal talking points was the way the former APV sales networks in France and Brazil had two contracts, for cake- and biscuit-making machines respectively.

John Gallagher, the ex-Baker head of the group's US-based chemical machinery business, was enthusiastic about his new-found ability to tender for turnkey plants in China, with the help of the 35 engineers APV has in Hong Kong, quite different from two, he says. "If three entities come together, they realise that change is forced upon them."

Things are very different now, not only for Pasilac but throughout the new APV.

ISSUE OF £1,000,000,000. 8 3/4 per cent TREASURY LOAN, 1997 FOR AUCTION ON A BID PRICE BASIS. PAYABLE AS FOLLOWS: Deposit on application... INTEREST PAYABLE HALF-YEARLY ON 1ST MARCH AND 1ST SEPTEMBER. THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND are authorised to receive bids for the above Loan.

nominal or less of the Loan, cheques must be drawn on a bank in, and be payable to, the United Kingdom, the Channel Islands or the Isle of Man. Her Majesty's Treasury reserves the right to reject any competitive bid or part of any competitive bid. Competitive bids will be accepted at the lowest price at which Her Majesty's Treasury is satisfied that the bid is a genuine bid.

THIS FORM MAY BE USED APPLICATION FORM. 8 3/4 per cent Treasury Loan, 1997 FOR AUCTION ON A BID PRICE BASIS. TO THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND. I/we apply in accordance with the terms of the prospectus dated 5th January 1988 as follows: COMPLETE SECTIONS A AND D TOGETHER WITH EITHER B OR C.





FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET LONDON EC4A 4DF
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Telephone: 01-248 8000

Wednesday January 6 1988

Financing the predators

THE SPEED with which the big commercial banks have reverted to pumping money into speculative takeover activity... In the wake of the stock market crash has been little short of startling, especially so in cases such as the current bid for Britain's third largest grocer, Dees Corporation...

Effective control

None of this, however, should be taken to imply that these highly-levered bids are not a cause of concern. In financing offers that are dependent on the rapid sale of assets to repay the initial loans, the bankers are taking substantial risks - risks which are more akin to equity-type financing than to orthodox banking behaviour...

Competition policy

In contrast Barker and Dobson is a very small enterprise through which the banks have chosen to back an ambitious former managing director of the stores division of the Asda supermarket chain...

Alfonsin and the military

FOUR years after the discredited Argentine junta ceded power to civilians, the military still has an uncomfortably large amount of power to blackmail the government of President Raul Alfonsin. Unfortunately, sections of the armed forces seem more than willing to use this power for their own selfish ends...

Spanish challenge

Last Easter President Alfonsin's authority was seriously challenged by a rebellion among junior and middle ranking officers, who manifested in protest over the way they were being made to appear before the courts on charges of human rights abuses committed under military rule...

THE HOFFMANN-LA ROCHE BID

Trying to grow over the counter

By Peter Marsh, William Dullforce and James Buchan

A WORLD FAMOUS American physician remarked recently that in his estimation a quarter of all US cardiologists were taking an aspirin a day to ward off heart attacks...

improving strongly, mainly by tightening up management of costs and improved marketing. For Hoffmann-La Roche the deal makes strong commercial sense...

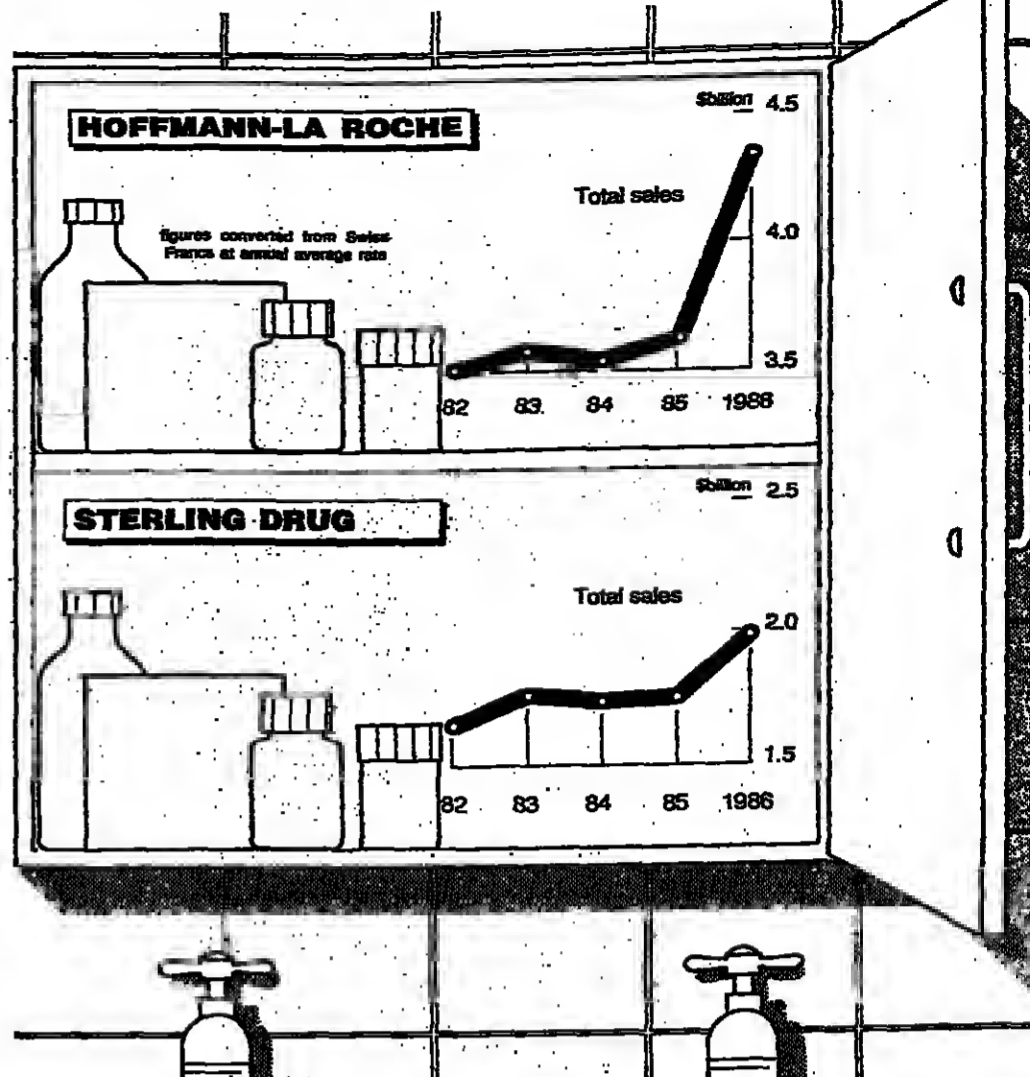
decline in tranquilisers which two years ago still accounted for half of all pharmaceutical sales. Mr Fritz Gerber, chairman and chief executive, remarked at a press conference last May that with SF\$3.5bn (\$1.6bn at today's exchange rates) in liquid assets in the kitty he was looking for takeover candidates...

The US over the counter drug market could soon reach \$25bn

The proposed takeover, which would be among the biggest ever by the usually ultra-cautious Swiss industrial community, has already delighted Wall Street. Brokers have followed gleefully the subsequent rise in Sterling's share price...

rewards of its important US business. The US, which accounts for some 30 per cent of world pharmaceutical sales, has long been Hoffmann-La Roche's biggest single market. In the mid-1980s, some 40 per cent of group turnover was generated in North America...

The other leading companies in this business, which some analysts think will grow to a value of as much as \$20bn by the early 1990s, making it as important in dollar terms as the US prescription drugs market is now, are American Home Products, Bristol-Myers and Johnson and Johnson...



medications, easily the world's biggest market for products of this kind and where in recent years sales have grown more strongly than in Europe and Japan, include the generally high interest in personal health care among the US population. Research-based drugs companies, which gain the lion's share of their sales through prescription-based formulations, have been in many cases keen to expand sales by branching out into the consumer-led drugs market...

Mr Ian White, a pharmaceutical analyst with Greenwell Montagu, a London stockbroker firm, said yesterday he assumed Hoffmann-La Roche would not sell the household goods business, if the overall deal went through, but would use this to complement its move into the consumer end of the household products industry. Other analysts have been impressed by the way Sterling's relatively small prescription business fits in reasonably well with Hoffmann-La Roche's product line...

not want the Schmidts next door to know that he does not have the bigger engine - and higher priced - model. The other is the very rich owner with the big car and the big engine. Going without the boot badge allows him the opportunity of actually telling neighbours and colleagues that he is not a BMW owner. But he doesn't think it is a bit more egalitarian not to show it.

A Tory David in Israel

Foreign Office ministers of state are seldom either seen or heard. Yet, while David Mellor's refusal to attend a radio and television programme, even at times volunteering to appear, he is also assiduous in maintaining contact with journalists, and providing the occasional press release - to some leading to favourable references.

Men and Matters

Dons' delight: Dons desperately for a crust from government may care to note that prizes totalling \$120,000 will be on offer this summer to those with well thought-out ideas for new products, new companies, or turning science into new products.

Shirtd ones

A silk shirt printed with black and white love messages to president Mitterrand is the latest rage in select Paris design boutiques, and yet another boost to a re-election campaign that he has not yet formally entered.

Power drive

The fine art of creating and maintaining the status symbol has reached a new pitch of ingenuity in west Germany. Many of the new BMWs and Mercedes now on west German roads do not carry the makers' badges, which tell curious passers-by the car's engine size.

Alternative view

As a reader was drinking in the glory of Athens from the top of the Acropolis an American couple came up the steep pathway and stood in front of the Parthenon. "Geo, Elmar," said the wife, "you can see the Hilton from up here."

Hearties

A converted college building in Preston, Lancashire, is shortly to become the centre of an unusual voluntary project to help people recover from heart attacks. The project is run by Heartbeat, a charity which in recent years has collected £200,000. Much of the money has gone towards adopting the building, formerly part of Lancashire polytechnic, to serve as a permanent headquarters for the charity and to let it expand its operations.

Not want the Schmidts next door...

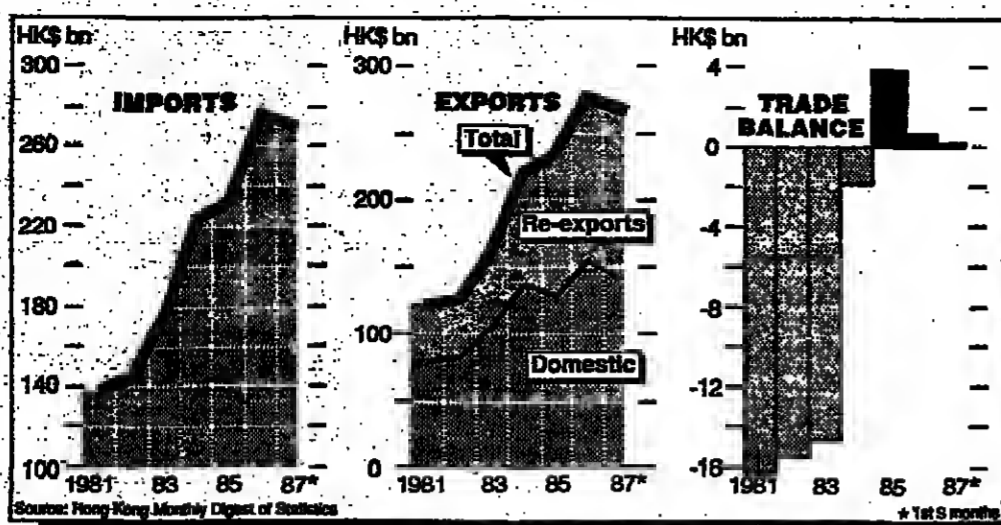
Hearties

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Advertisement for 'STREET-WISE!' featuring a cartoon illustration of a man in a trench coat and hat, with the text 'EMBA... OF THE UNITED STATES' and 'Spare a quid to boost the dollar, gov.' Below the illustration is the text 'Edward Charles & Partners W1 Chartered Surveyors 44 Whitechapel Lane London W1M 7PE 01-935 2811 A CENTRAL LONDON OFFICE AGENCY'.

David Dodwell on efforts to restore faith in Hong Kong

FOR a government that has been floundering over the greater part of the past year to inspire public confidence, it is surprising that...



A crisis of confidence

The embattled government has been the target of all manner of unkind and uncomplimentary epithets in an emotional debate over political reform from an almost wholly appointed government to one that admits directly elected representatives...

trying to generate enough wealth to migrate or at least find some form of safe haven ahead of 1987. Gross domestic product growth for the year is expected to pass 12 per cent in spite of the recent stock market collapse...

action taken over the past two months will not lead to a significant improvement in the level of professionalism with which a securities industry that claims to be international is being run. The world stock market meltdown had a more sobering effect in Hong Kong than almost anywhere in the world.

Employee share ownership

Why ESOPs need not be a fable

By Bryan Gould

EMPLOYEE share ownership schemes have been a subject of much interest to the Left over a long period and in many different countries. It is, therefore, more than a little surprising to find that the suggestion that they should be considered as an additional means of extending social ownership in the UK should have aroused such opposition in some quarters.

The notion that workers should own and control the enterprise for which they work has a long and honourable history in socialist - and particularly British socialist - thought. Robert Owen, the guild socialist, the syndicalist, the co-operative movement, have all represented in their various ways a form of decentralised British socialism which remains a strong theme of much modern socialist thinking.

ers as well as shareholders; the Labour Party's proposals, by insisting on "democratic" ESOPs, were specifically designed to meet this point. Employee share ownership schemes are of course already well-established in this country. Unity Trust, the trade union-sponsored venture capital institution, has done a great deal to promote the idea, and the trade unions themselves, or at least some of them, are increasingly interested.

They form an extension to social ownership

More recently, the Labour Party itself has shown considerable interest in these ideas. In the 1960s, both the Party and the TUC published statements favouring some kind of capital sharing, and in 1973 the Labour Party published an Opposition Green Paper, entitled Capital and Equality, which recommended the establishment of a scheme for workers' capital sharing through a National Workers' Fund.

schemes have always been seen as an extension of social ownership. In addition to other, more traditional, instruments.

Throughout this crisis, officials in Peking looked nervously on, hamstrung by the knowledge that interference by them would almost certainly only make things worse. During most past economic crises in Hong Kong, it has been China that has been blamed for rocking the boat, and they can have drawn only grim comfort from the fact that the fallings exposed in October were of the existing administration's own making.

It is this possibility of going over to the offensive which remains the idea's principal attraction to the Left today. Instead of being limited to arguments as to where the dividing line should be drawn between public and private sectors, with employee share ownership schemes we have a form of social ownership which could be extended right across the private sector. Is the notion truly a socialist one? There will be those who claim that only state ownership meets socialist requirements, but such people are considered eccentric these days even in Albania. Quite apart from the idea's long socialist history, it is surely undeniable, as the 1973 Green Paper points out, that employee share ownership does address one of the main socialist concerns - that workers are excluded at present from a share in the capital wealth created by the enterprises for which they work.

No one suggests that employee share ownership resolves all problems or that it

It should not be moved

Letters to the Editor

From Mr Iain C. Baillie. Sir, Each day members of my staff (and most of the UK patent firms in London) attend the Patents Office for one reason or another. This is particularly true for trade marks, which is an interview-intensive system. How does the Government believe that this can be done in Cardiff?

Surely the IR can levy a local tax

equipment. In addition to annual staffing costs of, say, \$400,000 plus per annum. Repeat these costs around the UK, and you can see the total. When hospitals are crying out for extra funds, it seems criminal that to be adding to bureaucratic costs. For a Government pledged to reduce the burden of bureaucracy, it seems a curious way to go about it.

Car tax is a false analogy

It is all so reminiscent of the changeover from purchase tax to VAT a decade or so ago. Only wholesalers and manufacturers deal with purchase tax. Bureaucracy jumped several hundred hardy VAT.

No coherent base for compensation

From Mr A.P. Benson. Sir, Your article (December 14) and your principal leader (December 17) on compensation for injury suggest the onset of a campaign on behalf of the innocent victims of one particular

form of misfortune - injury or ill-health caused by manufacturing processes. But you appear not to accept that such persons are better protected in legal terms than almost any other members of society who sustain ill-health or injury from non-product-related causes.

A cartoon titled 'WHAT'S THIS I HEAR ABOUT GOVERNMENT PENSIONS LEGISLATION?' featuring a 'BOARDROOM' with several speech bubbles containing questions about pension changes, such as 'Why would anyone want to leave the company pension scheme anyway?' and 'How much will all this cost?'.

The poll tax may have an impact on house prices

From Dr Martin Ricketts. Sir, An incoherent debate has arisen on your letters page concerning the effect of the replacement of domestic rates by an equal yield poll tax. Samuel Brittan (December 10) fears that house prices will rise. Adrian Jack (December 16) argues that if the poll tax raises equal revenue, there will be no overall effect on house prices.

(1) The responsiveness of housing demand to income, and (2) The degree to which people are prepared to substitute housing for other goods when relative prices change.

Let price Samuel Brittan would be correct. If changes in the relative price of housing (for any given level of real income) did not induce people to substitute housing for other goods, then Adrian Jack would be correct.

yield. Arbitrage would ensure that the price of the bond would rise until the return once more equalled that on other financial assets, and this would be so irrespective of the yield of the poll tax.

An advertisement for Aetna Pensions. It features the heading 'FOR ALL THE ANSWERS - ASK AETNA' and a form with fields for Name, Position, Company, Address, and Telephone. The form is titled 'ASK AETNA' and asks if the reader is interested in a free copy of their 'Employers' Guide'.

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FINANCIAL TIMES

Wednesday January 6 1988

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Sarita Kendall in Bogota looks at the success of recent efforts to discourage cocaine production

Getting Colombia's farmers off drugs

YELLOW-GREEN patches stood out against the darker green mountainside across the valley. "They're coca bushes. Before, it was like that over here. We all grew coca because it was the only way to get a little income. Even if you knew you might go to prison tomorrow, you still went on growing it," Ramiro Robles, a small dark man in a red patterned shirt, waved at a field planted with maize, beans, manioc and young fruit trees. Now we're learning new things, I'll be proud to show you my coffee and my fish pond.



Colombian anti-narcotics police (right) walk through a field of coca after blowing up an illicit cocaine laboratory.



Between 1980 and 1985 the peasant farmers of La Medina in the Cauca region of southern Colombia shared briefly in the cocaine bonanza. They harvested coca leaves and cooked them in primitive laboratories to make cocaine base.

Some took their produce as for feed as Medellín and Venezuela, others supplied buyers who drove in along the narrow winding dirt roads. Ramiro Robles was one of a few who spent their money wisely. He built a small house and acquired nearly three hectares of land.

But the bonanza also brought violence, drug addiction, roaring inflation and, eventually, even greater poverty. Coca, easy to grow on dry thin soils, had replaced food crops.

Despite the arrest of Carlos Lehder and Jorge Luis Ochoa, both considered to be among the top four Colombian traffickers, cocaine is cheaper than ever in Bogotá. Refined cocaine has fallen to \$1,600 a kilo, a tenth of its price in the early 1980s as a result of spiralling production in Peru and Bolivia. Multi-tonne seizures by enforcement authorities in the Americas are no longer rare and production does not seem to have been affected by repressive action. However, the release last week of Mr Ochoa on a legal technicality illustrates the inability of the Colombian judicial system to deal effectively with cocaine traffickers and thus places even more importance on the grass roots movement.

Working through 118 small "friendship groups" of peasants, agricultural extension workers have improved techniques, experimented with new crops, approved credit and built up a network of committed farmers who are learning to demand action from state bodies.

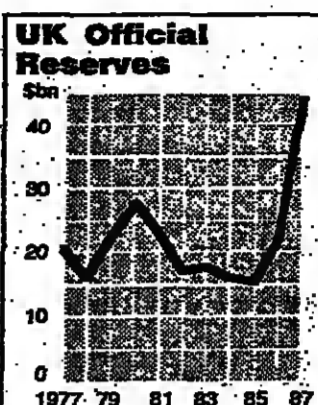
Most of the houses, built of sticks and mud, have no electricity or running water. The peasants often have no legal ownership documents for their small plots of land. Primary schools are few and many villages are hours away from the nearest road.

Mr Ramiro Robles admits that the drop in cocaine prices has made it easier to pull up and burn his coca bushes. He and other farmers asked anxiously about future financing. "We've never had help like this before but we're only just getting started. In a few years we'll be able to go ahead on our own. This is what will bring peace in Colombia." If funding can be found, the Cauca pilot project is to be extended to other coca producing regions such as Caqueta, the Putumayo and the Sierra Nevada de Santa Marta.

THE LEX COLUMN

Springing the bear trap

The world's central banks are playing a very clever game in the foreign exchange markets, but it is still far from clear that they are backing the winning side. Last week when trading was very thin they appeared unable to halt the dollar's slide, raising fears that when the heavy hitters returned from holiday the dollar would go into free fall. It now seems that this was a carefully laid ambush.



The dollar was already looking overvalued last week. It had fallen by around 18 per cent in just three months, and even the bears would admit that there must be a limit to how long it can continue to head in one direction without a correction. Add in rumours that next week's US trade figures for November are going to be far better than the previous month, and there were the makings of a highly unstable situation which the central banks have exploited with finesse. They have given the speculators a bloody nose and proved once again that concerted intervention can be very effective in stabilising a currency which was behaving in a highly dangerous fashion.

This action has provided the dollar with a breathing space, at least until the publication of the US trade figures. However, yesterday's massive rises in the 1987 foreign exchange reserves of both Japan and the UK underline the heavy costs of propping up the dollar, and raise questions of how much longer other major countries are going to risk inflating their money supplies in order to bail out the American. The recent softness in US interest rates is a worrying reminder that the fate of the dollar is less important than avoiding a recession.

Hoffmann-La Roche's \$4.2bn bid for Sterling Drug of the US looks a bold move, but may yet prove only a sighting shot. At \$72 per share, the offer is worth perhaps 18.5 times 1988 earnings for a company which has just re-entered a growth phase after a long dull patch. As Wall Street recognised yesterday by pushing the shares above the offer price, there are plenty of plausible counter-bidders. Any number of big US companies are known to be interested in getting into health care, and among the Europeans Bayer, for one, must surely be calculating how much it is worth to reclaim its own brand name to the US aspirin market.

Whatever else, the bid is not the start of a rationalisation of the Bank's offer should close quietly.

Hawley Group
From the offshore haven of Michael Ashcroft's Hawley Group this year came a corporate Christmas card with a difference. "Which turkey won't be roasted this Christmas? The one in the Bermudus." The sketch inside of a bird in long shorts did not look a bit like Mr Ashcroft - but it did look frightfully pleased with itself.

BP
Any BP shareholder still dithering about whether to sell to the Bank of England before today's 3pm close may be further confused by the company's revised profit forecast, which adds \$50m to current net profits but reduces the historic cost figure by £100m. Of the two, the first is the more significant, as it demonstrates the happy effect of a lower dollar and a weaker oil price on refining and marketing margins. The second merely reflects the larger stock losses caused by the year end plunge in the oil price - which in any case has been partly reversed in the last two days. More important than either, however, is the fact that much of BP is renationalised today is the latest rise in the oil price and the bounce in the market. With most of the market makers already quoting ex-safety it is worth to reclaim its own brand name to the US aspirin market.

Syria steps up efforts to defuse Gulf war

Syria is stepping up its diplomatic drive to defuse the Gulf conflict and prevent a new Iranian ground offensive against Iraq on the south-west front opposite Basra.

US satellite group attempts to block Cable & Wireless plans

PAN AMERICAN Satellite of the US, which plans to set up the first competitive transatlantic communications satellite service, is trying to stop Cable & Wireless of the UK expanding in the US on the grounds that the British company is obstructing its progress in Europe.

Bush urges banks to write off more debt

US VICE PRESIDENT George Bush yesterday urged commercial banks to write off part of their nonperforming loans in an effort to resolve the Third World debt crisis.

Saudis drop plan to tax foreigners

Despite the hasty rescinding of the income tax decree, it is unlikely that the Saudi Government has fully renounced the principle of taxing foreigners' incomes. Apart from the fiscal squeeze, there are other reasons for the change.

UK foreign currency reserves double

The interventionist Treasury has opened up the possibility of sizeable losses because the vast bulk of the dollar purchases were made when the US currency was much stronger than at present.

World Weather table with columns for location, temperature, and other weather details.

UK foreign currency reserves table listing various currencies and their corresponding reserve amounts.

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INTERNATIONAL CAPITAL MARKETS & COMPANIES

Stephen Fidler on the optimism of the American Stock Exchange
Amex sees its chance after crash

OCTOBER WAS a lousy month for Joel Lovett and George Reichhelm - as for most of their kind. As members of the specialist firms on the floor of the American Stock Exchange...

Messrs Lovett and Reichhelm were in London yesterday to suggest that the Amex, rather than the Nasdaq electronic market, was the place for UK companies to list their shares in the US.

On the other hand, critics have cited a lack of commitment among the dealers on the over-the-counter markets. There, it is claimed, many dealers just stopped trading - whereas in London there is a system of competing market makers.

The increasing domination of the US stock markets by institutional investors - a development not applauded by those such as Mr Reichhelm who believe this was partly to blame for the scale of the October collapse - has made the need for recapitalisation among the specialist firms particularly urgent.

CFTC ends probe into October MMI deals

By Deborah Hargreaves in Chicago THE Commodity Futures Trading Commission, the US regulatory agency, has found no evidence of manipulation in the Chicago Board of Trade's Major Market Index futures contract...

A cocktail of deals in a variety of currencies

EUROBOND new issue managers yesterday reopened the market with a flourish, serving up a cocktail of deals in a variety of currencies.

Deutsche Bank Capital Markets was busy revisiting the Euro sector with two five-year deals, each worth Ecu100m, for Deutsche Bank Finance and BP Capital, a subsidiary of British Petroleum.

These bonds were intended to attract European retail investors looking for a yield pick-up over levels available on seasoned Euro bonds at the moment.

INTERNATIONAL BONDS

UBS holds Swiss franc bookrunning lead

BY OUR EUROMARKETS STAFF UNION BANK OF SWITZERLAND held on to its place as number one bookrunner in the Swiss franc foreign bond market in 1987 despite intensifying competition from Credit Suisse...

Rudloff, deputy chairman of Credit Suisse First Boston, took over as general manager in Zurich early last year.

Mr Lovett's firm was charged with making a market in shares of the Washington Post, a \$190 stock that threatened to open 50 to 100 points down. The decision...

The agency agrees with Mr Katzenbach on the fundamental differences between the two markets. The CFTC says it is doing this by looking at intraday trading on the futures markets during the crash.

Table with 5 columns: Manager, SFbn Amount, Rank, Market share %, No. of issues. Lists top 10 Swiss franc foreign bond lead managers.

Denmark moves towards paperless share market

DENMARK WILL take the first steps towards a paperless market in equities at the end of this month when share certificates in 10 listed companies will be abolished...

entries in the spring. In April, the introduction of electronic trading in equities is due to take place.

VNU upgrades forecast

VNU, THE Netherlands' largest publishing company, said yesterday that its 1987 profit would hit up 20 per cent, instead of the previously forecast 13 per cent...

FT INTERNATIONAL BOND SERVICE

Large table listing international bonds with columns for Issued, Bid, Offer, and Yield. Includes sections for STRAIGHTS, CONVERTIBLES, and NOTES.

Toyota Motor Credit Corporation advertisement. Features the Toyota logo, 'U.S. \$200,000,000', and a list of financial institutions including Morgan Stanley International, Merrill Lynch International, and others.

Mitsubishi Trust in talks with WestLB

By Heig Simonian in Frankfurt WESTDEUTSCHE Landesbank (WestLB), West Germany's third biggest bank, which is based in Düsseldorf, is in talks with Mitsubishi Trust and Banking of Japan to set up a joint venture bank in Germany.

INTERNATIONAL COMPANIES & FINANCE

Islamic investment tests Egypt's regulatory capabilities

"BE SURE, my brother, to put your savings in the hand of a Moslem brother."  
 Hassan al Banna, founder of the Moslem Brotherhood, understood the political power of money, but he could not have imagined that 40 years after his assassination in 1949 the Islamic movement in Egypt would have constructed a virtual financial state within a state.  
 Egypt's Islamic monetary colossus is challenging the regulatory capabilities of the Government. The central bank and Ministry of Economy are being blamed by mainstream bankers for allowing unofficial deposit takers operating under the guise of Islam to become so big that they have been able to defy luke-warm attempts to bring them under control.

Dr Shaban Shakhour, the IMF regional director, said recently that Islamic companies had grown like mushrooms, and it was a shame that there was no law in the Egyptian economic system which governs or regulates these companies' activities. The strengthening religious trend in Egypt is creating its own structures that are threatening eventually to subsume established institutions. An indication of the power of Islamic investment houses was the fact that the government was obliged last May to delay IMF-sponsored reforms of the currency market for 24 hours while it consulted unofficial money traders some of whom are heads of Islamic companies.  
 The Government's reluctance to proceed without the co-operation of Islamic financiers was a recognition that financial barons like Mr Fathy Tewfik, head of Al Rayan Investments - the biggest and most controversial of the new breed of deposit-takers - had the power to make or break attempts at currency reform.  
 The authorities are preparing a new law to regulate the activities of the perhaps as many as 300 Islamic investment houses with depositors numbering between 2m and 3m Egyptians at home and abroad. The Government is said to be anxious to stop the further spread of these companies, reeking with justification that there are now more than enough to satisfy demand.  
 Al Rayan heads a Big Four among the Islamic deposit-takers which dwarf all but the largest Fund has been urged by Egypt to bring Islamic investment houses

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 Al Rayan heads a Big Four among the Islamic deposit-takers which dwarf all but the largest Fund has been urged by Egypt to bring Islamic investment houses

return of, in some cases, 24 per cent on Egyptian pound and US dollar deposits. This return, when Egyptian banks themselves have been paying 15 per cent on local currency accounts, is the secret behind the success of unofficial Islamic banks.  
 But there is a sense throughout the Egyptian financial community that the party may be coming to an end. Islamic institu-

These Institutions are at present transforming themselves from currency speculators and commodity traders into local conglomerates, investing in a range of industries and services. They are trying rapidly to construct a respectable base as managers of enterprises that are contributing tangible benefits to the Egyptian economy.  
 Mr Noonan Gomaa, legal

means of providing some protection for investors.  
 The new companies will be obliged to publish annual balance sheets, deposit cash with the central bank, and pay taxes. Al Rayan is likely to be asked to repatriate funds lodged abroad and invest them locally.  
 The Government is concerned that the Islamic sector has simply been collecting the savings of millions of expatriate Egyptians, most of them in the Gulf, and shifting these funds to Europe or North America on interest-bearing deposits - notwithstanding the Islamic ban on usury - thereby depriving cash-starved Egypt of hard currency.  
 Al Rayan confirmed recently that a high proportion of its funds is held outside the country. About 25 per cent is invested abroad and a further 35 per cent employed in dealing in precious metals and general trading. Some 25 per cent is lodged in projects, with the remainder held as a cash reserve.  
 A suspicion among local and foreign bankers is that some investment companies have been operating pyramid schemes - in other words, they have been paying dividends from the funds of new depositors, and that inevitably one of these institutions will come crashing down bringing others with it.  
 But the heads of the main deposit takers insist that their activities are sound, that depositors' funds are secure, and that criticism from the mainstream banking sector is motivated by jealousy. There is no question that Islamic investment houses

have drawn funds away from banks.  
 Mr Mohammed Hafez, general manager of Banque Misr, one of the big four public sector banks, says it is important that Islamic institutions be required to publish balance sheets so they can be judged professionally. "In order to pay 24 per cent I must be getting total earnings of 50 per cent," he says. "I would like to know what type of industry can generate 80 per cent. The only explanation is that I'm either paying out of principal or I'm dealing in the black market."  
 One of the factors that has enabled Islamic deposit takers to pay high dividends under the "profit and loss" contracts they make with their clients is that the Egyptian pound in the past two years has depreciated by an average of 30 per cent annually against foreign currencies. This provided a bonanza for currency speculators in a huge unofficial market in which sums of between \$2bn and \$4bn were being traded each year.  
 But, for the moment, the local currency has stabilised. Deposit-takers have in effect been forced to involve themselves in more productive businesses, taking over ailing companies and undertaking property projects.  
 Al Saad, for example, has launched house purchase packages which include an apartment, car, oven, heater, refrigerator and blender. The company recently took a 75 per cent stake in the local Zanussi refrigerator factory.  
 It is also said to have cornered

the local market in small Fiat cars, buying up most of the available stock. These cars have appreciated by as much as 50 per cent in the past six months, partly because of shortages.  
 Defenders of Islamic investment houses - prominent among which is Abdel Razak Abdel Meguid, Egypt's economic chief under the late President Anwar Sadat - say they should be encouraged because they are helping to unlock the savings of small investors who have tended to distrust the banks. Dr Meguid promoted the idea last year of Al Rayan taking a share of the ailing Misr American International Bank in which Bank of America has a 49 per cent stake.  
 The Government blocked this application, but Islamic investment companies are nevertheless becoming involved in the banking sector. Al Sharif has a 25 per cent interest in Islamic Bank and plans to increase this to 30 per cent.  
 Egypt's Islamic investment sector, in the view of local bankers and businessmen, is entering a testing new phase. Not least of the difficulties the heads of these enterprises face is having to make the transition from speculators and traders to managers of enterprises.  
 There is, according to mainstream bankers who are having to grapple with many problem loans in local industries that have failed, much scope for mishap. "I would say these are clever people," observed one prominent Egyptian banker, "but I would not say they are sophisticated."

Defenders of Islamic investment houses - prominent among which is Abdel Razak Abdel Meguid (right), who was Egypt's economic chief under the late President Anwar Sadat - say that they should be encouraged. The International Monetary Fund, however, has been urging the country to bring them under control. Tony Walker reports from Cairo



LEADING ISLAMIC INVESTMENT COMPANIES IN EGYPT			
Depositors	Funds held	Dividend	
Al Rayan	150,000+	E22bn	24.0%
Al Sharif	125,000	E11bn	19.8%
Al Hoda Misr	50,000+	E300m	23.3%
Al Saad	50,000	E500m	24.0%

Pernod-Ricard may cut Coca-Cola trade ties

BY GEORGE GRAHAM IN PARIS  
 PERNOD-RICARD, the French drinks company, has fallen out with Coca-Cola and may break off its production and distribution agreement with the US soft drinks group.  
 The two companies have disagreed over how much to invest in developing Coca-Cola and its other brands - Fanta, Sprite and Finley tonic water - in France, and have begun "serious negotiations" which could end in a parting of ways.  
 At the same time Pernod-Ricard revealed plans to buy back 5 per cent of its own capital.  
 Pernod-Ricard is the licensee for most of France for Coca-Cola, which claims an 80 per cent share of the French market.  
 The Coca-Cola brands accounted for FF1.43bn (\$266.8m) of Pernod-Ricard's sales in 1987, a third of the total turnover.  
 Pernod-Ricard said yesterday that it felt volume development for the Coca-Cola brands was already satisfactory.  
 In Paris, however, some stock market analysts were unhappy about the move. Pernod has emphasised non-alcoholic drinks as the main line for diversification away from its traditional range of alcoholic aperitifs.  
 The Coca-Cola loss would leave Pernod concentrated mainly on its Orangina label, which it bought in 1984 and is trying to develop in export markets.  
 "Pernod-Ricard on its own has not been able to achieve anything much in non-alcoholic drinks, buying Orangina and taking a licence for Coca-Cola. If one whole area of their diversification goes, and they can find nothing better to do with their money than buy-back their own shares, you have to wonder what their growth prospects are," said one Paris equity analyst.

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3. Interest Amount payable for Sub-period: US \$325.00 per US\$ 50,000 nominal
4. Accumulated Interest Amount payable: US \$666.75 per US\$ 50,000 nominal
5. Next Interest Sub-period will be from 8th February, 1988 to 7th March, 1988.

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 GMAC Overseas Finance Corporation N.V.  
 Dated: December 30, 1987

**NEVI A/S NEVI**  
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 Tranche A of DKK 300,000,000  
 In accordance with the provisions of the Notes, notice is hereby given that, for the three months period, 6th January, 1988 to 6th April, 1988, the Notes will bear interest at the rate of 10.125 per cent. per annum. Coupon No. 5 will therefore be payable on 6th April, 1988 at DKK 2,539.38 per coupon for Notes of DKK 100,000 nominal.  
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**A.** As a hedge against the occasional fragilities of the French equity market?

**B.** As a versatile investment vehicle which eliminates the risk of mistiming transactions in volatile markets?

**C.** As a high octane investment with immense performance potential and a limited downside?

The right answers are A, B and C. Because with the launch of the first three French equity options - Peugeot, Elf Aquitaine and Saint-Gobain - on The London Traded Options Market on Thursday 7th January 1988, all of the strategic opportunities which options can offer will be available to those managing French portfolios. So, too, will all the advantages of

The London Traded Options Market itself - notably its high degree of liquidity and its efficient administration and service. For advice on how to use French equity options, please send us the coupon or for help with specific options problems contact Karin Weiss at the International Stock Exchange on 01-588 2355 ext. 29980.

To: The Executive Marketing Officer, London Traded Options Market, The International Stock Exchange, London EC2N 1HP. Please send me more information on:

- The London Traded Options Market
- French Equity Options (please tick appropriate box/boxes)

NAME \_\_\_\_\_  
 POSITION \_\_\_\_\_  
 COMPANY \_\_\_\_\_  
 ADDRESS \_\_\_\_\_  
 POST CODE \_\_\_\_\_

**THE INTERNATIONAL STOCK EXCHANGE**

Giving investors more options













هنا من الفصل

Digest of Michaelmas Term cases

FROM NOVEMBER 3 TO NOVEMBER 20

Forsikringsaktieselskapet Vesta v Butcher and Others (FT, November 3) The plaintiff ("Vesta") pleaded its case in contract and in tort against the underwriters of its reinsurance contract...

Deutsche Schachbau und Tiefbohrgesellschaft mbH v The R'As Al Khammah National Oil Company v Shell International Petroleum Co Ltd (FT, November 4) The judgment creditor ("DST") obtained a Mareva injunction freezing Raskoff's trade debts, including those of Shell, in the UK...

Bray (Inspector of Taxes) v Best (FT, November 6) Two trusts for the benefit of employees of a firm for which Mr Best worked were wound up and the assets distributed to the employees...

was attributable to the distribution year but, as Mr Best was not then employed, there was no source for that year and no liability to tax under section 181 of the Income and Corporation Taxes Act 1970...

Bobby Bulk Carriers Ltd v Casalex Ltd (FT, November 10) Order 24 rule 14A, which came into force on October 1 1984, provided that an undertaking not to use a discovered document ceased after it was read or referred to in open court unless the court ordered otherwise...

Gomba Holdings UK Ltd and Others v Minorities Finance Ltd and Others (FT, November 11) Subsequent to Gomba Holdings' receivership in 1986/87, the court ordered the receivers to deliver up all documents belonging to the companies within two months...

compliance with the order, Hoffmann J stated that ownership of documents was not to be tested by reference to whether they related to the companies' affairs...

Naviera Amazonica Peruana v Compania Internacional de Seguros Del Peru (FT, November 13) In a dispute over renewal premiums for insurance on four vessels, the judge at first instance held that the clause to the effect that the "arbitration under the laws of London" was a London arbitration clause governed by English law...

The Angelic Star (FT, November 17) The appellant had guaranteed the last six bills of exchange relating to capital and the last five relating to interest in a contract for the building of a bulk carrier...

Re Tucker (FT, November 20) The trustee in bankruptcy obtained two summonses under section 25 (1) of the Bankruptcy Act 1914, requiring Mr Tucker to attend to be examined concerning the insolvency of his brother...

ful contract than was necessary.

Kansa General Insurance Co Ltd v Bishopsgate Insurance plc (FT, November 18) Kansa sought to avoid a reinsurance treaty with Bishopsgate on the grounds of misrepresentations and non-disclosure...

Re Tucker (FT, November 20) The trustee in bankruptcy obtained two summonses under section 25 (1) of the Bankruptcy Act 1914, requiring Mr Tucker to attend to be examined concerning the insolvency of his brother...

The first part of this digest appeared yesterday. It will be concluded on Friday.

Aviva Golden

US \$25,000,000

BLADIX

Banco Latinoamericano de Exportaciones, S.A. (Latin American Export Bank)

Floating Rate Notes due 1992

The undersigned have arranged the private placement of these Notes.

Goldman, Sachs & Co.

International Finance Corporation

January, 1988

Mortgage Capital Trust II

U.S. \$150,055,000

Collateralized Mortgage Obligations, Series A

For the period 1st January, 1988 to 1st April, 1988 the Bonds will carry an interest rate of 7.9375% per annum with an interest amount of U.S. \$15,79761 per U.S. \$1,000 Bond (an "Individual Bond"), payable on 1st April, 1988.

The principal amount of the Bonds outstanding is expected to be 79.610020% of the original principal amount of the Bonds, or U.S. \$796,10020 per U.S. \$1,000 original principal amount.

Bankers Trust Company, London Agent Bank

Company Notices

SAVE & PROSPER FINANCIAL SECURITIES FUND

Coupon 133 falls due for payment on 15th January 1988 at a rate of 0.77p per Financial Securities Fund Unit. Coupons should be presented to the Royal Bank of Scotland Plc, Lombard Street Office, P.O. Box 412, 24 Lombard Street, London EC3P 3DE, from whom listing forms can be obtained...

LVMH

MOËT HENNESSY . LOUIS VUITTON LVMH MOËT HENNESSY LOUIS VUITTON ANNOUNCES STOCK REPURCHASE PROGRAM

Paris, December 23, 1987 - At a meeting held today, the shareholders of LVMH Moët Hennessy Louis Vuitton (NASDAQ: LVMHY) empowered the company's Board of Directors to purchase and sell up to 1 million or nearly 10% of the company's shares in the open market...

During the meeting, Mr Alain Chevalier, Chairman of LVMH Moët Hennessy Louis Vuitton, also reaffirmed the Group's earnings forecast of FF 1.3 billion for 1987, originally announced in June at the time of the merger of Louis Vuitton and Moët Hennessy...

APPOINTMENTS

Friends Provident general manager

Mr Graham Astle has been appointed actuary and general manager at FRIENDS PROVIDENT. He succeeds Mr Douglas King who has retired...

Mr William Brooks Close has been appointed director and general manager of CRONITE ADVANCED CASTINGS following its acquisition from the Dowty Group last July.

At the BRITISH FITTINGS GROUP, Birmingham, Mr Brian F. Smith becomes joint managing director with Mr Brian W. Stanton, chairman and joint managing director...

Mr Mark Lewis has been appointed managing director of LENTOR (UK).

Mr Andrew Sommerville has been appointed to the board of PARRISH, and will become chief executive of Parrish Broking Services...

Mr Terry Jones has been appointed financial director of METRAX GROUP, Birmingham. He remains company secretary of the group...

VALIN POLLEN has appointed Mr Steve Tibble and Mr Chris Matthews to the board.

Mr Andrew Anderson has been appointed to the board of SAVE & PROSPER FINANCIAL SERVICES.

JAPAN INTERNATIONAL BANK, London, has appointed Mr Fusao Iida as director and general manager...

At APPEYARD GROUP Mr M.G. Williamson has been appointed as deputy chairman in addition to his existing responsibilities as chief executive.

PLUMB HOLDINGS has appointed Mr Roger Dowling as director, with responsibilities for Plumb Management and new business developments...

THE HENDERSON GROUP has appointed Mr William M. McDonald as company secretary.

Mr Rex A. Smith has been appointed a part-time member of the board of the CIVIL AVIATION AUTHORITY for a three-year term...

Mr Tony Cocklin, head of public affairs for British Caledonian Group, will be joining BRITISH AIRWAYS in the new post of senior general manager public affairs...

Mr William Powell Bowman, chairman of Roys McCann, has been appointed chairman of the COVENT GARDEN MARKET AUTHORITY...

All of these securities having been sold, this announcement appears as a matter of record only.

December, 1987

\$400,000,000

Barclays North American Capital Corporation

10 1/2% Guaranteed Capital Notes due December 15, 2017

Payment of Principal, Premium, if any, and Interest Guaranteed on a Subordinated Basis by

Barclays Bank PLC



Shearson Lehman Brothers Inc.

Goldman, Sachs & Co.

Salomon Brothers Inc

- The First Boston Corporation Kidder, Peabody & Co. Merrill Lynch Capital Markets Morgan Stanley & Co. ABD Securities Corporation Bear, Stearns & Co. Inc. Daiwa Securities America Inc. Dillon, Read & Co. Inc. Donaldson, Lufkin & Jenrette Drexel Burnham Lambert Lazard Frères & Co. The Nikko Securities Co. Nomura Securities International, Inc. PaineWebber Incorporated Prudential-Bache Capital Funding L. F. Rothschild & Co. Smith Barney Harris Upham & Co. Swiss Bank Corporation International Securities Inc. UBS Securities Inc. Wertheim Schroder & Co. Dean Witter Capital Markets Yamaichi International (America), Inc.

We are pleased to announce that

Douglas C. Walker Resident in Philadelphia

Richard H. Witmer, Jr. Resident in New York

have been admitted as General Partners, effective January 1, 1988

BROWN BROTHERS HARRIMAN & CO.

New York Boston Philadelphia Chicago St. Louis Los Angeles Dallas Naples London Paris Tokyo Zurich Grand Cayman Guernsey

COMMODITIES AND AGRICULTURE

Price support move prompts cocoa surge

By David Blackwell

COCOA PRICES surged in London as New York yesterday on news that the International Cocoa Organisation (ICCO) is next week to hold an emergency session aimed at restoring the operation of its price support mechanism.

Farmers plan protest

WEST GERMAN farmers have announced plans for nationwide protests over low earnings against Bonn to combat European Community proposals to cut farm prices.

WEEKLY METALS

All prices as supplied by Metal Bulletin (last week's prices in brackets). ANTIMONY: European free market, 99.5 per cent, \$ per lb, in warehouse, 2,510-2,850 (same).

Market fall triggers coffee quota cut

By David Blackwell

THE INTERNATIONAL Coffee Organisation has cut its total export quota by 1m bags for the present quarter. The cut, triggered because the ICO 10-day indicator price is below 120 cents a lb, will be followed by a further 1m bag cut after 10 market days if the price does not rise above 120 cents lb.

US tobacco growers scent revival in the air

IN THE proud and prosperous state of North Carolina, tobacco's roots are deep and well set. "Tobacco financed the American revolution, growers boast, and built the roads and schools which allowed other industries to flourish."

Nancy Dunne reports on a new mood in an embattled industry

It has been a rough five years for producers since Congress, under pressure from the anti-smoking lobby, ordered growers to pay all costs of their price supports through a complex formula of production quotas and individual assessments.

Tin producers to adjust quotas

By Wong Sulong in Kuala Lumpur

THE EXECUTIVE council of the Association of Tin Producing Countries will meet in Kuala Lumpur from next Tuesday to work out members' quota allocations for the next supply rationalisation scheme, covering March 1988 to February 1989.

Canadian grain terminal still strikebound

By David Owen in Toronto

A FOUR-week strike which has paralysed Canada's third largest grain terminal remains far from over, following the withdrawal from talks of the appointed federal government mediator.

Sri Lanka frees rubber exports

SRI LANKA'S rubber exports have been freed of government control with the lifting of compulsory licences and minimum prices, a Trade Ministry official said, reports Reuter from Colombo.

Philippines copra exports down, value up

By Richard Goulay in Manila

EXPORTS OF Philippine coconut products fell by 18 per cent to 1.92m tonnes (copra equivalent) in 1987 but its value grew by 19 per cent to \$662m, according to estimates from the industry's association in Manila.

Exports delayed

The dispute has dogged elevators in the Alberta and Saskatchewan grain belt and put Canadian grain exports behind by an estimated two weeks.

WORLD COMMODITIES PRICES

LONDON MARKETS

NICKEL PRICES fell sharply on the London Metal Exchange with West German merchants figuring in the profit-taking. This triggered stop-loss selling, and the cash price fell by \$400 a tonne to \$24,515 a tonne.

Table with columns: Commodity, Close, Previous, High/Low. Includes COCOA, LONDON METAL EXCHANGE, COPPER, SUGAR, POTATOES, SOYABEAN MEAL, GAS OIL, RUBBER, and various other commodities.

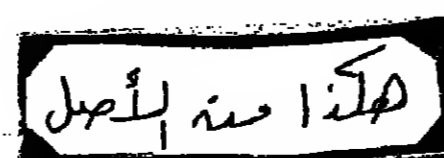
Table with columns: Commodity, Close, Previous, High/Low. Includes LONDON BULLION MARKET, GOLD, SILVER, and various other commodities.

Table with columns: Commodity, Close, Previous, High/Low. Includes SOYABEAN MEAL, GAS OIL, RUBBER, and various other commodities.

Table with columns: Commodity, Close, Previous, High/Low. Includes SOYABEAN MEAL, GAS OIL, RUBBER, and various other commodities.

Table with columns: Commodity, Close, Previous, High/Low. Includes SOYABEAN MEAL, GAS OIL, RUBBER, and various other commodities.

Table with columns: Commodity, Close, Previous, High/Low. Includes SOYABEAN MEAL, GAS OIL, RUBBER, and various other commodities.



CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Banks hit dollar speculators

THE DOLLAR rose sharply, as central banks took advantage of a market technically short of the US currency, to hit speculators. The dollar was moving up from a strong start in Europe, with dealers expecting resistance to set in at a chart resistance point of DM1.6180.

Trading was generally routine, with a technically short market encouraging the buying back of dollars sold around the Christmas and year-end holiday period, when the central banks acted in concert.

The Federal Reserve bought dollars in early New York trading, and was soon joined by the West German Bundesbank, plus other European central banks, including the Swiss, Austrian and Italian.

This followed similar action on Monday, leading to a narrowing of short dollar positions. The dollar rose to DM1.6270 from DM1.6180; to FF5.5025 from FF5.5575; to SF1.2825 from SF1.2890; and to Y128.90 from Y122.75.

On Bank of England figures the dollar's index rose to 93.0 from 91.3. STERLING-Trading range against the dollar in 1987/88 is 1.8785 to 1.4710. December average 1.8269. Exchange rate index fell 0.5 to 75.4, compared with 72.8 six months ago.

FINANCIAL FUTURES

Mixed response to reserves

A STEEPER yield curve and falling gilt prices set the tone for Life trading yesterday. Dealers detected little immediate pressure for a rise in base rates but conceded that the next move was likely to be upwards.

March three-month sterling deposits again touched a key support level at 90.81 and although the contract recovered to close at 90.86, this was way below the day's high of 90.98.

More relaxed monetary stance which failed to please the gilt sector. The March gilt finished lower at 118.02, down from 118.22 at the start and 118.13 on Monday. News of a further £1bn tranche of Treasury stock had little effect.

JAPANESE YEN-Trading range against the dollar in 1987/88 is 169.45 to 121.25. December average 128.45.

EMU EUROPEAN CURRENCY UNIT RATES

Table showing EMU European Currency Unit Rates with columns for Country, Currency, and Exchange Rate.

POUND SPOT - FORWARD AGAINST THE POUND

Table showing Pound Spot - Forward Against the Pound with columns for Currency, Spot, and Forward rates.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Table showing Dollar Spot - Forward Against the Dollar with columns for Currency, Spot, and Forward rates.

EURO-CURRENCY INTEREST RATES

Table showing Euro-Currency Interest Rates with columns for Currency, Term, and Interest Rate.

EXCHANGE CROSS RATES

Table showing Exchange Cross Rates with columns for Currency, Buy, Sell, and Forward rates.

OTHER CURRENCIES

Table showing Other Currencies with columns for Currency, Buy, Sell, and Forward rates.

PHILIPPINE PESO EX-RATES

Table showing Philippine Peso Ex-Rates with columns for Currency, Buy, Sell, and Forward rates.

INDONESIA RUPIAH EX-RATES

Table showing Indonesia Rupiah Ex-Rates with columns for Currency, Buy, Sell, and Forward rates.

THAI BATH EX-RATES

Table showing Thai Bath Ex-Rates with columns for Currency, Buy, Sell, and Forward rates.

NEW ZEALAND DOLLAR EX-RATES

Table showing New Zealand Dollar Ex-Rates with columns for Currency, Buy, Sell, and Forward rates.

SINGAPORE DOLLAR EX-RATES

Table showing Singapore Dollar Ex-Rates with columns for Currency, Buy, Sell, and Forward rates.

UNITED STATES DOLLAR EX-RATES

Table showing United States Dollar Ex-Rates with columns for Currency, Buy, Sell, and Forward rates.

FINLAND MARKKA EX-RATES

Table showing Finland Markka Ex-Rates with columns for Currency, Buy, Sell, and Forward rates.

SWEDISH KRONA EX-RATES

Table showing Swedish Krona Ex-Rates with columns for Currency, Buy, Sell, and Forward rates.

FINNISH MARKKA EX-RATES

Table showing Finnish Markka Ex-Rates with columns for Currency, Buy, Sell, and Forward rates.

ESTONIAN KROON EX-RATES

Table showing Estonian Kroon Ex-Rates with columns for Currency, Buy, Sell, and Forward rates.

2 IN NEW YORK

Table showing 2 in New York with columns for Date, Low, and High.

STERLING INDEX

Table showing Sterling Index with columns for Date, Low, and High.

CURRENCY RATES

Table showing Currency Rates with columns for Currency, Rate, and Change.

CURRENCY MOVEMENTS

Table showing Currency Movements with columns for Currency, Rate, and Change.

OTHER CURRENCIES

Table showing Other Currencies with columns for Currency, Rate, and Change.

MONEY MARKETS

London rates firm

LONGER TERM rates were again a little higher in London as sterling fell during the afternoon. However there were still no thoughts of an early rise in base rates.

Short term money traded in a tight range as the market faced a very large shortage. Overnight money started at 8 1/2% p.c. and moved up to 9%.

The Bank of England forecast a shortage of around £1,200m with factors affecting the market including the repayment of late assistance and bills maturing in official hands together with a little up of Treasury bills.

FT LONDON INTERBANK FIXING

Table showing FT London Interbank Fixing with columns for Currency, Rate, and Term.

MONEY RATES

Table showing Money Rates with columns for Currency, Rate, and Term.

NEW YORK

Table showing New York Money Rates with columns for Currency, Rate, and Term.

LONDON MONEY RATES

Table showing London Money Rates with columns for Currency, Rate, and Term.

WestLB advertisement for Fixed Income and Equities Trading. Includes contact information for Düsseldorf, London, Luxembourg, and Hong Kong.

Company Notices and Geneva advertisement for Philip N. Christie & Company Limited.

Educational advertisement for I.G. Index Ltd. and Art Galleries.

FNFC advertisement for making money work for customers and shareholders. Includes a table of dividends and a table of company performance.

Advertisement for First National Finance Corporation (FNFC) regarding a final dividend of 5.75p per share for the year ended 31st October 1987.

EUROPEAN OPTIONS EXCHANGE

Table with columns for Series, Vol, Last, May 88, Last, Aug 88, Last, Stock. Lists various options series and their trading volumes and prices.

TOTAL VOLUME IN CONTRACTS: 42,832

BASE LENDING RATES

Table listing base lending rates for various banks and currencies, including columns for bank names and interest rates.



The Sixth FT City Seminar
Plasters Hall, City of London
11, 12 & 15 February, 1988

For information please return this advertisement together with your business card to: Financial Times Conference Organisation, 126 Jermyn Street, London SW1Y 4JJ.

FT CROSSWORD No.6,522

Crossword puzzle grid with numbered squares and a list of clues for across and down words.

ACROSS
1 Regret split about exercise (6)
2 Might make America scared of such transport (4,4)
3 One person's game - and brilliant (9)
4 Over the screw (5)
5 Some consider seasoning essential for tongue (4,4)
6 Be grateful for rise in value (10)
7 The little toad! (7)
8 Heartless rogue distracted by Oriental and reformed (6)
9 Coming to see a number opening (6)
10 The little toad! (7)
11 Heartless rogue distracted by Oriental and reformed (6)
12 Coming to see a number opening (6)
13 A single glass can render me cool (7)
14 Putting in a proportion of the money required (10)
15 The price asked is about right, that's clear (4)
16 Share a charge in retirement (5)
17 Register it - one's complaint, that is (9)
18 Must dread changes, fancy! (8)
19 Cap the communist's animosity (6)
DOWN
1 Compliments 13 across over a point made (8)
2 With a fence paid, deals can be arranged (9)
3 Mark for 21 down (4)
4 Poles always exhibit some hesitation, he scoffs (7)

AUTHORISED UNIT TRUSTS

Large table listing various unit trusts, their managers, and performance data. Columns include trust names, managers, and numerical values.



FT UNIT TRUST INFORMATION SERVICE

Main table containing unit trust information, organized into columns for various fund categories and providers. Includes sub-sections like 'INSURANCES' and 'GENERAL INVESTMENT'.

FT UNIT TRUST INFORMATION SERVICE

Main table containing unit trust information with columns for company name, unit price, and other financial metrics. The table is organized into multiple columns and rows, covering various investment funds and services.

MANAGEMENT SERVICES

Table listing management services provided by various firms, including names of firms and their respective services.

OFFSHORE AND OVERSEAS

Table listing offshore and overseas investment opportunities, including fund names and details.

FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Manager, and other details.

LONDON SHARE SERVICE

Table of London Share Service, including sections for British Funds, Foreign Bonds & Rails, Americans, Money Market, and Trust Funds.

LONDON SHARE SERVICE

AMERICANS - Cont'd

Table listing American stocks with columns for stock name, price, and change.

CANADIANS

Table listing Canadian stocks with columns for stock name, price, and change.

BANKS, HP & LEASING

Table listing bank and leasing stocks with columns for stock name, price, and change.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit stocks with columns for stock name, price, and change.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks with columns for stock name, price, and change.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks with columns for stock name, price, and change.

CHEMICALS, PLASTICS

Table listing chemical and plastic stocks with columns for stock name, price, and change.

DRAPERY AND STORES

Table listing drapery and store stocks with columns for stock name, price, and change.

ENGINEERING

Table listing engineering stocks with columns for stock name, price, and change.

DRAPERY AND STORES - Cont'd

Table listing drapery and store stocks with columns for stock name, price, and change.

ELECTRICALS

Table listing electrical stocks with columns for stock name, price, and change.

ENGINEERING - Cont'd

Table listing engineering stocks with columns for stock name, price, and change.

FOOD, GROCERIES, ETC

Table listing food, grocery, and other stocks with columns for stock name, price, and change.

HOTELS AND CATERERS

Table listing hotel and catering stocks with columns for stock name, price, and change.

INDUSTRIALS (Miscel.)

Table listing miscellaneous industrial stocks with columns for stock name, price, and change.

ENGINEERING - Cont'd

Table listing engineering stocks with columns for stock name, price, and change.

INDUSTRIALS (Miscel.) - Cont'd

Table listing miscellaneous industrial stocks with columns for stock name, price, and change.

INDUSTRIALS (Miscel.) - Cont'd

Table listing miscellaneous industrial stocks with columns for stock name, price, and change.

INSURANCES

Table listing insurance stocks with columns for stock name, price, and change.

LONDON SHARE SERVICE

INSURANCES - Contd

Table listing insurance companies and their share prices, including Royal Indemnity, Commercial Union Assurance, and others.

LEISURE

Table listing leisure companies such as British Skyways, British Airways, and others, with their respective share prices.

MOTORS, AIRCRAFT TRADES

Table listing companies in the motor and aircraft trades, including British Leyland and others.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publishing companies like News International and others.

PAPER, PRINTING, ADVERTISING

Table listing companies in the paper, printing, and advertising sectors, including Newsprint and others.

PAPER, PRINTING, ADVERTISING - Contd

Continuation of the paper, printing, and advertising companies table.

PROPERTY

Table listing property-related companies and their share prices.

SHOES AND LEATHER

Table listing shoe and leather companies.

SOUTH AFRICANS

Table listing South African companies.

TEXTILES

Table listing textile companies.

SHIPPING

Table listing shipping companies.

SHOES AND LEATHER

Continuation of the shoes and leather companies table.

TEXTILES - Contd

Continuation of the textiles companies table.

TOBACCOS

Table listing tobacco companies.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land companies.

FINANCE, LAND, etc

Table listing finance, land, and other companies.

SHIPPING

Table listing shipping companies.

SHOES AND LEATHER

Table listing shoe and leather companies.

SOUTH AFRICANS

Table listing South African companies.

TRUSTS, FINANCE, LAND - Contd

Continuation of the trusts, finance, and land companies table.

FINANCE, LAND, etc

Table listing finance, land, and other companies.

FINANCE, LAND, etc

Table listing finance, land, and other companies.

SHIPPING

Table listing shipping companies.

SHOES AND LEATHER

Table listing shoe and leather companies.

SOUTH AFRICANS

Table listing South African companies.

OIL AND GAS - Contd

Continuation of the oil and gas companies table.

OVERSEAS TRADERS

Table listing overseas traders.

PLANTATIONS

Table listing plantation companies.

MINES

Table listing mining companies.

DIAMOND AND PLATINUM

Table listing diamond and platinum companies.

OIL AND GAS

Table listing oil and gas companies.

SHIPPING

Table listing shipping companies.

MINES - Contd

Continuation of the mines companies table.

MISCELLANEOUS

Table listing miscellaneous companies.

THIRD MARKET

Table listing third market companies.

NOTES

Notes section providing additional information and commentary on the market.

REGIONAL & IRISH STOCKS

Table listing regional and Irish stocks.

IRISH

Table listing Irish stocks.

TRADITIONAL OPIONS

Table listing traditional options.

LONDON STOCK EXCHANGE

Dollar earning stocks lead fresh advance by equities but auction news hits Gilts

Account Dealing Dates table with columns for First Declared, Last Declared, etc.

THE LONDON stock market, taking its cue from the strong gains in New York and Tokyo overnight, continued to surge ahead yesterday in response to the upturn in the US dollar. The lead was given by shares in the major dollar-earning companies...

year end window dressing operations and, backed by confidence in the outlook for the UK economy, are seeking bargains in the stock market.

The only weak equity sector was the retail area where doubts over the outcome of the all-important Christmas trading season brought profits downgrading by some brokerage analysts.

bp compared with the previous forecast of \$1.45 bn. Britoil shares were a shade easier at 446p, after a record 450p, with Salomon Bros, believed to have been acting on behalf of Atlantic Richfield, thought to have picked up around a further 2m shares to add to its stake of 21.25 per cent.

BP remained the focus of attention in the oil share market as the Kuwait Investment Office continued to add to its stake ahead of the closure of the Bank of England's 70p a share safety net which ends today at 3 pm.

Equity turnover of \$585.5m at 5.00pm yesterday was almost double that of Monday's session. DataStream said the day's gain in equity values at \$6.47bn.

FINANCIAL TIMES STOCK INDICES table with columns for Government Secs, Fixed Interest, Ordinary, Gold Mines, Div. Div. Yield, etc.

Day's High 1443.2 Day's low 1426.6

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-0898 123001

New Court took a more negative view, managed a minor gain at 265p.

The absence of any hard news on the takeover front triggered a wave of selling in Tip Top Dairystores which retreated 21 to 113p.

Cable & Wireless moved up 13 more to 360p over 7m shares moving through the SEAQ system; the latest bout of buying interest prompted by the firm's dollar and shareholders' approval of the proposed merger of Hong Kong Telephone and Cable & Wireless (Hong Kong).

Major international stocks responded strongly to the continued advance in the dollar. Marketmakers reported a more active trading session than of late with a fresh early rise on 14 to 120p and Lucas Industries a like amount to 57p.

Business in the Building sector expanded, notably among second-line issues, as prices were quick to respond. Renewed demand on takeover hopes saw Blue Circle rise 8 to 444p, while support following the setting up of a joint venture company with Lone Star Industries of the US boosted EMC 15 to 445p.

Currency influences plus the re-emergence of bid speculation gave the Chemical sector a healthier look. ICI were bought as the US dollar staged another good rally and the close was higher at \$11.

Buying interest was stimulated both by currency factors and by a report of investment in the University of London on cardiovascular drugs, at which Beecham's BRL 34915 was expected to feature.

but this is no longer seen as an obstacle for a potential bidder following BP's offer for Britoil. The retail sector was alive with features, most notably Freemans after Sealed Air announced an increased and final offer of 81p cash a share valuing Freemans at \$477m.

Freemans shares closed 18 higher at 81p on a turnover of more than 1m after the news. Shares initially offered 285p, a share for Freemans. The offer drew a quick response from Freemans who said in a statement that the long term interests of shareholders would best be served by staying with Freemans and urged holders to take no action.

The leading stores were hit by news of numerous profits downgradings by many top securities analysts. The group was particularly upset by a 6 per cent profit downgrading by Wood Mackenzie who lowered its forecast for the current year to \$47.5m.

banks most exposed to the debt problems with Standard Chartered especially favoured and finally 30 up at 496p, after 500p.

Bank of Scotland was also a focus of attention as the bank's share price rose 10 to 288p. The bank's share price rose 10 to 288p.

Bank of Scotland was also a focus of attention as the bank's share price rose 10 to 288p. The bank's share price rose 10 to 288p.

FT - ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS table with columns for Index No., Day's Change, etc.

FT-SE 100 SHARE INDEX 1799.1

FIXED INTEREST table with columns for Price Index, etc.

FIXED INTEREST table with columns for Price Index, etc.

LONDON TRADED OPTIONS

LONDON TRADED OPTIONS table with columns for Option, Calls, Puts, etc.

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS AND LOWS FOR 1987 table with columns for Stock, High, Low, etc.

RISES AND FALLS YESTERDAY

RISES AND FALLS YESTERDAY table with columns for Rises, Falls, Same, etc.

LONDON RECENT ISSUES

LONDON RECENT ISSUES table with columns for Issue Price, etc.

FIXED INTEREST STOCKS

FIXED INTEREST STOCKS table with columns for Issue Price, etc.

RIGHTS OFFERS

RIGHTS OFFERS table with columns for Issue Price, etc.

30p. Associated settled slightly below the session's highest with a gain of 11 to 465p while competing group United spirited 20 to 440p.

US influences boosted selected Advertising Agencies, namely Saatchi & Saatchi, 16p to 445p, and WPP, 50 up at 459p.

The latter stock has obtained a NASDAQ listing in the US. Also popular were Yellowhammer, 10 clearer at 148p, and WCRS which put on 14 to 242p.

BAT Industries were one of the day's best performers, gaining 25p to 170p in response to the improved prospects for overseas earners.

Traded option activity expanded sharply. Contracts totalled 43,033 comprising 29,518 calls and 13,515 puts.

Dealers reported a fair amount of interest in the Traditional option market yesterday. Stocks dealt in for the call included Joseph Webb, British Petroleum, North Kent, Eastman, etc.

Newspapers attracted increased inquiries from investors ahead of tomorrow's preliminary statement from Associated. Analysts' estimates of the group's profits range from 555m to 565m, and Luke Johnson, researcher at Kleinwort Greaveson Securities, is forecasting \$58m with earnings per share of no double options were reported.

Dealers reported a fair amount of interest in the Traditional option market yesterday. Stocks dealt in for the call included Joseph Webb, British Petroleum, North Kent, Eastman, etc.

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WORLD STOCK MARKETS

Table of stock market data for various countries including Australia, France, Germany, Netherlands, and Switzerland. Columns include country, stock name, price, and change.

Table of stock market data for Japan, listing various companies and their stock prices and changes.

CANADA

Table of Canadian stock market data, including Toronto and Montreal closing prices for various stocks.

OVER-THE-COUNTER

Table of over-the-counter market data, listing Nasdaq national market closing prices for various stocks.

Table titled 'CHIEF LONDON PRICE CHANGES YESTERDAY' showing price changes for various stocks and indices.

Indices

Table of financial indices including Dow Jones, Nikkei, and various regional indices with their values and changes.

Advertisement for F.T. magazine featuring the headline 'Have your F.T. hand delivered in The Netherlands' and '12 FREE ISSUES'.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table containing stock prices for various companies, organized in columns with headers for stock name, price, and change.



NYSE COMPOSITE CLOSING PRICES

AMEX COMPOSITE CLOSING PRICES

Continued from Page 40

12 Month High	12 Month Low	Stock	Div.	Yield	P/E	52 Week High	52 Week Low	Change
74	57	Philo 20	2.80	6.11	9.75	88	57	-1
130	85	Philo 40	5.60	6.11	9.75	130	85	+5
130	85	Philo 60	8.40	6.11	9.75	130	85	+5
130	85	Philo 80	11.20	6.11	9.75	130	85	+5
130	85	Philo 100	14.00	6.11	9.75	130	85	+5
130	85	Philo 120	16.80	6.11	9.75	130	85	+5
130	85	Philo 140	19.60	6.11	9.75	130	85	+5
130	85	Philo 160	22.40	6.11	9.75	130	85	+5
130	85	Philo 180	25.20	6.11	9.75	130	85	+5
130	85	Philo 200	28.00	6.11	9.75	130	85	+5

Stock	Div.	Yield	P/E	52 Week High	52 Week Low	Change
AT&T	4.00	5.74	9.41	55 1/4	47 1/2	+3 3/4
American	1.00	4.35	11.00	31 1/2	26 1/2	+5 0/8
Amgen	1.50	6.47	12.70	37 1/2	29 1/2	+8 0/8
Amstar	1.00	5.88	11.10	22 1/2	18 1/2	+4 0/8
Amtrak	1.00	4.35	11.00	31 1/2	26 1/2	+5 0/8
Amstar	1.00	5.88	11.10	22 1/2	18 1/2	+4 0/8

OVER-THE-COUNTER Nasdaq national market, closing prices

Stock	Div.	Yield	P/E	52 Week High	52 Week Low	Change
ABX	1.00	4.35	11.00	31 1/2	26 1/2	+5 0/8
ACB	1.00	4.35	11.00	31 1/2	26 1/2	+5 0/8
ADG	1.00	4.35	11.00	31 1/2	26 1/2	+5 0/8
ADP	1.00	4.35	11.00	31 1/2	26 1/2	+5 0/8
ADT	1.00	4.35	11.00	31 1/2	26 1/2	+5 0/8
ADT	1.00	4.35	11.00	31 1/2	26 1/2	+5 0/8

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